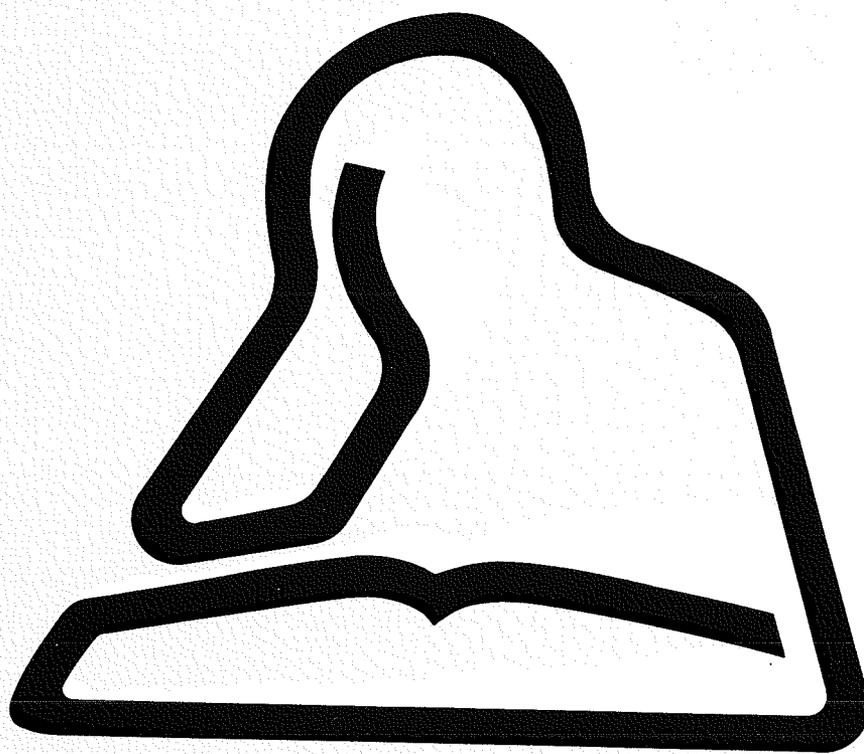


Elementary and Secondary Education Act Title I

Audit Guide



Business Services
Arizona Department of Education
Carolyn Warner, Superintendent
Dr. Jim Hartgraves, Deputy Superintendent

Revised October, 1979

**AUDIT GUIDE FOR REVIEW
OF
LOCAL EDUCATIONAL AGENCY PROGRAMS FOR
EDUCATIONALLY DEPRIVED CHILDREN
TITLE I OF THE ELEMENTARY AND SECONDARY
EDUCATION ACT OF 1965 AS AMENDED**

Prepared by the Arizona Department of Education

Audit Division

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Audit Manager

Revised October 1979

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**AUDIT GUIDE FOR REVIEW
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LOCAL EDUCATIONAL AGENCY PROGRAMS FOR
EDUCATIONALLY DEPRIVED CHILDREN
TITLE I OF THE AMENDED ELEMENTARY AND
SECONDARY EDUCATION ACT OF 1965**

INTRODUCTION

The major thrust of the Amended Elementary and Secondary Education Act of 1965 (ESEA) lies in Title I. The purpose of Title I is to provide federal assistance to local educational agencies with educationally deprived children in areas having a high concentration of low-income families. The objective of the Title I program is to upgrade the educational opportunities for disadvantaged children. It is a supplementary program and is not intended to provide general aid to education.

The effective implementation of the Title I program requires a high degree of Federal-State-Local coordination. At the national level, the program is administered by the Office of Education (OE), U. S. Department of Health, Education, and Welfare (DHEW). OE's responsibilities include (1) approving state applications for participation in the program, (2) making funds available for approved programs, (3) developing program regulations and guidelines, (4) assessing program progress, and (5) consulting with the states regarding their responsibility.

The State Educational Agencies (SEA's) must formally apply to OE for participation in the program and assure that the program will be administered in accordance with the provisions of the law and federal regulations. The major SEA responsibilities include (1) assisting LEA's in the development of their projects, (2) approving project applications submitted by LEA's after determining that the proposed projects are designed to meet the special educational needs of educationally deprived children in low-income areas, (3) assuring that Title I funds are utilized only for SEA approved projects, and (4) adopting adequate fiscal control and fund accounting procedures to assure proper use and accountability for program funds.

The LEA's are responsible for developing and implementing projects to fulfill the intent of Title I. This responsibility includes (1) establishing parent advisory councils, (2) determining school attendance areas eligible for participation, (3) selecting target areas for actual participation including private school participation, (4) selection of Title I participants and identification of their special needs, (5) submitting grant applications to the SEA, (6) carrying out the projects in accordance with SEA approved applications and applicable rules and regulations, and (7) maintaining adequate accountability over program funds.

The information in this guide has been adapted from Public Law 95-561, Proposed Rules dated 6/29/79 for CFR 116 and Proposed Rules dated 5/4/79 for CFR 100 and 74; also referred to as EDGAR (Education Division General Administrative Regulations).

PURPOSE AND SCOPE

The primary purpose of this guide is to (1) familiarize the auditors with the significant provisions of the Title I program, (2) direct attention to areas of LEA program and financial management that, on the basis of prior reviews have needed improvement, and (3) provide audit procedures for determining the effectiveness of LEA programs and projects in meeting the objectives of Title I.

The scope of the guide is not intended to be all inclusive or to describe the minimum review desired by the SEA. In determining the scope of review, the auditor should exercise professional judgment giving full consideration to (1) local conditions and new developments not covered in the guide, (2) the number and quality of other recent audits, (3) the adequacy of program and fiscal internal controls, and (4) any other audit procedures considered necessary under the circumstances.

The latest available Code of Federal Regulations (CFR) relating to Title I is dated October 1, 1977. In order to extend and amend the expiring education programs, Congress enacted "Education Amendments of 1978" on November 1, 1978 also referred to as Public Law (P.L.) 95-561. A notice of proposed rulemaking (NPRM) was published in the Federal Register dated June 29, 1979 and completely revises CFR 116 and 116a of the Title I regulations. A notice of proposed rulemaking (NPRM) was also published in the Federal Register dated May 4, 1979 which revised the general provisions of CFR 100. The audit guide is written based on the P.L. 95-561 and the proposed regulations. When the proposed regulations are finalized and adopted, it may be necessary to modify some of the audit steps pursuant to adopted regulations.

FUNDING PROCEDURES

The SEA receives a grant from the federal government based upon an application submitted by the SEA. This is a grant for administrative costs of the SEA, and programs funds allocable to LEA's. The basic grant money is allocated to every district in the state based upon the number of children aged 5 to 17 in families residing in the school district of the LEA and having an annual income of less than the low-income factor as determined by Bureau of Census 1970 criteria. Districts are notified in April of the basic grant allocation for the coming fiscal year. Concentration grants are available this fiscal year for areas in counties with especially high concentrations of children from low-income families. This funding will be available in the fall and can be incorporated with the basic grant and need not be accounted for as a separate fund. Districts wishing to participate in a Title I program submit projects to the SEA for approval. Copies of the approved projects are distributed to the County School Superintendent and the LEA.

An LEA may submit a project application for a three year period and have it approved by the SEA. The SEA may also approve a previous years application so long as the total length of time does not exceed three years. A project application may be amended to make changes or additions.

The three year applications must be updated yearly by sending, at a minimum, information on the amount of funds to be carried over and the amount requested for the next year, a budget of expenditures for the next year, the number of public and private school children who will participate by subject area and grade level, the number and type of staff to be employed and the amount of funds to be expended per public school child and per private school child.

Amendments must be submitted for any substantial changes or additions to the project such as, a new activity, criteria for a new service or change in previous service, change in the list of project schools, extension of a service to other grade levels, and new project to be conducted in accordance with regulations and law.

Within a project application is a budget page (Attachment A) and an estimated needs sheet (Attachment B). The estimated needs sheet is a summary showing the years in which requested funds were appropriated. LEA's have available to them for FY 80 funds appropriated in fiscal years 79 and 80. Identity of these funds is maintained by funding year by the SEA. The budget page incorporates all parts of Title I funding.

Funds should be spent in the following order: (1) FY 79, and then (2) FY 80 basic grant and any concentration grant. The objective of this procedure is to assure that any funds left at the end of the project period are only FY 80 funds.

In FY 78 districts were instructed to use the state adopted accounting system for federal funds. This system is in an accounting manual entitled the Uniform System of Financial Records or the USFR. Every district has a copy of this manual.

The estimated need sheet is the document used by the SEA on a monthly basis to disburse funds to districts. A claim is prepared for these monthly estimates from which a warrant is prepared by the State Department of Finance. These warrants, with a transmittal card, are sent to the County School Superintendent for deposit to the County Treasurer to the credit of the district. A transmittal card is sent to the LEA by the SEA notifying them of this deposit. The County School Superintendent and the school district maintain a separate fund for each Title I project. A district submits vouchers, accompanied by an invoice to the County School Superintendent for preparation of warrants. The warrants are returned to the district for distribution to vendors. The districts should amend their projects when they anticipate a line item overexpenditure. At the end of the project period, the district must submit a completion report to the SEA. An exception must be taken for any item which is overexpended by 10% or \$200, whichever is greater. The completion report is the same form as the budget page (Attachment A). This report must be certified by the County School Superintendent.

REPORTING REQUIREMENTS

A. Preliminary Report

The objective of the audit requirement is to determine that the projects are in compliance with Federal Regulations. In order to properly administer the Title I program, audit information must be available on a timely basis. The SEA requires a memorandum, not a formal opinion, by January 15, 1980 as to the condition of the project as determined by applicable preliminary work. The purpose of this preliminary report is to alert the SEA of any possible problem areas in the project before the project is completed. If a district has problem areas, the SEA will provide technical assistance to the LEA before the final audit report in order to assure compliance to federal regulations. By January the following areas can effectively be tested:

1. Selection of target areas
2. Selection of Title I participants
3. Parent Advisory Councils

4. Participation of children enrolled in private schools
5. Preliminary testing of expenditures
6. Comparability

B. Final Report

The final report will consist of two sections, a financial report and a narrative report and shall be conducted in accordance with generally accepted auditing standards as established by the AICPA. An opinion must be expressed on the fair presentation of the financial statements. The opinion may be stated in substantially the following manner. "In our opinion, based on examination of documents made available to us on inquiry and observation, John Doe School District was substantially in compliance with the federal Title I requirements as established by the Arizona Department of Education in the Audit Guide For Review of Local Educational Agency Programs For Educationally Deprived Children Title I of the Amended Elementary and Secondary Education Act of 1965. The financial statements must contain a statement in the form of Attachment C.

The narrative report must summarize how the LEA is functioning in all compliance areas.

A checklist is included as Attachment D. This is the list the SEA will use to evaluate all audit reports.

The final audit report is due 60 days after the project ends. The final report must be approved by the Department of Education, Audit Division before final payment may be made. Three copies of the final report should be mailed to:

Mr. Allan Dunstan
Audit Manager
Arizona Department of Education
1535 West Jefferson Street
Phoenix, AZ 85007

If problems develop during the audit, please contact Mr. Dunstan at (602) 255-3715.

C. Audit Fee

The audit fee for the project year must be specified in the financial report. The total fee may be disclosed in a footnote because the amount may differ from the cash expenditures. The completion report should reflect such cash expenditures which may include the final payment for FY 79 and a progress payment for FY 80.

Applicant Agency _____ Funding Source _____ Project Number _____
 Number _____
 Co./Type/Dist. _____

FUNCTION	OBJ. CODE	Budget	Requested Changes	Amended Budget	Expenditure To Date	Budget Balance
		Col (1)	Col (2)	Col (3)	Col (4)	Col (5)
<u>ADMINISTRATION 100</u>						
15. Salaries - Certified	5100	_____	_____	_____	_____	_____
16. Salaries - Classified	5200	_____	_____	_____	_____	_____
17. Supplies and Materials	5400	_____	_____	_____	_____	_____
18. Other Expenses	5700	_____	_____	_____	_____	_____
<u>INSTRUCTION 200</u>						
19. Salaries Certified	5100	_____	_____	_____	_____	_____
20. Salaries - Classified	5200	_____	_____	_____	_____	_____
21. Supplies and Materials	5400	_____	_____	_____	_____	_____
22. Tuition	5600	_____	_____	_____	_____	_____
23. Other Expenses	5700	_____	_____	_____	_____	_____
<u>INSTRUCTION SUPPORT 300</u>						
24. Salaries - Certified	5100	_____	_____	_____	_____	_____
25. Salaries - Classified	5200	_____	_____	_____	_____	_____
26. Supplies and Materials	5400	_____	_____	_____	_____	_____
27. Other Expenses	5700	_____	_____	_____	_____	_____
<u>OPERATION 400</u>						
28. Salaries - Classified	5200	_____	_____	_____	_____	_____
29. Employee Benefits	5300	_____	_____	_____	_____	_____
30. Supplies and Materials	5400	_____	_____	_____	_____	_____
31. Utilities & Communications	5500	_____	_____	_____	_____	_____
32. Other Expenses	5700	_____	_____	_____	_____	_____
33. SUBTOTAL		_____	_____	_____	_____	_____
34. Indirect Cost	5920	_____	_____	_____	_____	_____
(___ % x line 33)		_____	_____	_____	_____	_____
35. Capital Outlay - 100	5800	_____	_____	_____	_____	_____
36. Capital Outlay - 200	5800	_____	_____	_____	_____	_____
37. Capital Outlay - 300	5800	_____	_____	_____	_____	_____
38. Capital Outlay - 400	5800	_____	_____	_____	_____	_____
39. Capital Outlay - 000	5800	_____	_____	_____	_____	_____
40. TOTAL		_____	_____	_____	_____	_____

ATTACHMENT A

ESTIMATED NEEDS - FUND PAYMENT SCHEDULE

Attach to Application

DUE DATE: As Needed

1. Applicant Agency _____ 2. Project or Program No. (If Assigned) _____
 3. Name _____ 4. Funding Authority _____
 Contact Person for Deposit of Funds

ATTACHMENT B

Col. (1)	Col. (2) FY ___ Carryover Funds	Col. (3) FY ___ Funds	Col. (4) Other _____	Col. (5) Other _____
5. JULY 1	_____	_____	_____	_____
6. August	_____	_____	_____	_____
7. September	_____	_____	_____	_____
8. OCTOBER 1	_____	_____	_____	_____
9. November	_____	_____	_____	_____
10. December	_____	_____	_____	_____
11. JANUARY 1	_____	_____	_____	_____
12. February	_____	_____	_____	_____
13. March	_____	_____	_____	_____
14. APRIL 1	_____	_____	_____	_____
15. May	_____	_____	_____	_____
16. June	_____	_____	_____	_____
17. TOTAL	_____	_____	_____	_____
18. Total FY ___ County Carryover Per Completion Report	_____			
19. Total FY ___ Carryover Funds at State	_____			
20. Total FY ___ Funds	_____			
21. Other (Specify)	_____	_____	Approval	
22. Other (Specify)	_____	_____	Signature _____	
23. Total Program Funds	_____			

Business and Finance

ESEA TITLE I FINANCIAL REPORT

For the period beginning _____ and ending _____

		(1) Budget	(2) Expenditures Per Completion Report	(3) Audit Adjustments	(4) Adjusted Expenditures	(5) Budget Balance
ADMINISTRATION	100					
Salaries – Certified						
Salaries – Classified						
Supplies & Materials						
Audit Fee (1)						
Other Expenses						
INSTRUCTION	200					
Salaries – Certified						
Salaries – Classified						
Supplies & Materials						
Tuition						
Other Expenses						
INSTRUCTION SUPPORT	300					
Salaries – Certified						
Salaries – Classified						
Supplies & Materials						
Other Expenses						
OPERATION	400					
Salaries – Classified						
Employee Benefits						
Supplies & Materials						
Utilities & Communications						
Other Expenses						
SUBTOTAL						
Indirect Cost						
Capital Outlay	100					
Capital Outlay	200					
Capital Outlay	300					
Capital Outlay	400					
Capital Outlay	000					
TOTAL						

Beginning Cash Balance

FY _____ Funds Received

FY _____ Funds Received

FY _____ Funds Received

FY _____ Funds Received

Total Available Funds

Less: Expenditures

Ending Cash Balance

(1) This must be the total accrued fee for the audit of this project.

ESEA TITLE I AUDIT REPORT CHECKLIST

District _____ Reviewer _____ Date _____

Acceptable Additional
Information
Necessary

FINANCIAL

- | | | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. Has an opinion been expressed? |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. Does the opinion state that all applicable procedures in the audit guide were performed? |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. Does the report disclose the audit cost? |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. Is the cash balance separately stated? |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. Does the report take exception to deviation from budget line items of more than 10%? |
| <input type="checkbox"/> | <input type="checkbox"/> | 6. Do the financial statements compare budgeted and actual revenues and expenditures? |
| <input type="checkbox"/> | <input type="checkbox"/> | 7. Are audit adjustments separately disclosed? |

COMPLIANCE - does the report draw conclusions regarding compliance with the following requirements.

Acceptable	Additional Information Necessary
------------	--

SELECTION OF TARGET AREAS

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. The district maintained worksheets to support the low-income figures on the application. |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. The low-income figures were traced to the source data and it was in accordance with the approved project. |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. The district can adequately support the target school selection and method used was reasonable to determine the eligibility of the attendance area. |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. The method of selection has been disclosed. |

SELECTION OF TITLE I PARTICIPANTS

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. The selection criteria used by the district is in compliance with the project application. |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. Lists of participants were available. |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. There was additional testing to support any participants selected based on teacher recommendations. |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. There was documentation to support why low scoring students were not selected and they were participating in similar non-Federal funded programs. |

Acceptable	Additional Information Necessary	
<input type="checkbox"/>	<input type="checkbox"/>	5. The students met the project criteria but for those who exceeded the criteria, it does not impair the effectiveness of the project.
<input type="checkbox"/>	<input type="checkbox"/>	6. The participants reside in the target attendance area. Those students who are not residents do not impair the success of the program.
<input type="checkbox"/>	<input type="checkbox"/>	7. The funds were reasonably distributed to the schools on a basis of number and needs of children.
<input type="checkbox"/>	<input type="checkbox"/>	8. There has been a coordinating of resources and effort with other programs.
<input type="checkbox"/>	<input type="checkbox"/>	9. If IEP's were used, they were maintained and reviewed periodically. The IEP's were agreed upon by a LEA representative, the teacher and parent or guardian of the child.
<input type="checkbox"/>	<input type="checkbox"/>	10. The most educationally deprived were selected to participate in accordance with the approved project criteria.

PARENT ADVISORY COUNCIL

<input type="checkbox"/>	<input type="checkbox"/>	1. The district established the required councils.
<input type="checkbox"/>	<input type="checkbox"/>	2. A majority of the council members are parents of the Title I participants.

Acceptable	Additional Information Necessary	
<input type="checkbox"/>	<input type="checkbox"/>	3. The council members were selected appropriately.
<input type="checkbox"/>	<input type="checkbox"/>	4. The notice to the public concerning the selection of PAC members was adequate and timely.
<input type="checkbox"/>	<input type="checkbox"/>	5. The parents of participants identified and consents from parents were available.
<input type="checkbox"/>	<input type="checkbox"/>	6. The meetings as outlined in the project were held.
<input type="checkbox"/>	<input type="checkbox"/>	7. Council members had available the appropriate documents (Title I regulations, project applications, etc.)
<input type="checkbox"/>	<input type="checkbox"/>	8. Minutes were available for PAC meetings held and the parents had been given opportunity to submit comments and recommendations.
<input type="checkbox"/>	<input type="checkbox"/>	9. The teachers and board members were involved in planning and evaluating the Title I program.
<input type="checkbox"/>	<input type="checkbox"/>	10. Council members were involved in planning the training sessions for parents and they had been carried out.
<input type="checkbox"/>	<input type="checkbox"/>	11. The councils are functioning in the planning, implementation, and evaluation of the program.

Acceptable Additional
Information
Necessary

DISSEMINATION OF INFORMATION

1. Dissemination materials were available.
2. The dissemination plan has been implemented in accordance with the approved project.

PRIVATE SCHOOL PARTICIPATION

1. The private school helped determine needs, number of children, and types of services.
2. The most educationally deprived were selected to participate in accordance with the approved project.
3. The participants reside in the attendance area of the target school.
4. Level of funding provided per student in the private school is equal to that at the public school.
5. The Title I funded portion of personnel for the private school is for duties performed only for Title I participants.
6. Equipment loaned to the private school is adequately controlled and accounted for.
7. The district has adequately managed and supervised the Title I resources used at the private school.

Acceptable	Additional Information Necessary
------------	--

2. Equipment was received in time to have an impact on the current project.

3. Equipment is being used by only Title I participants or if loaned, it has not interfered with the Title I program.

4. Equipment is properly labeled and essential to the project.

5. If equipment was lost or stolen, was documentation of the investigation available for review.

6. Property management and control are in accordance with NPRM CFR 74.140a.

PROJECT EXPENDITURES AND RECEIPTS

1. The staff hired and duties assigned were in accordance with the project application.

2. The Instructional Staff is aware of the identity of the Title I participants.

3. The training program for aides has been implemented.

4. Materials were purchased in quantities sufficient to meet the needs of the participants, and were appropriate for the program being conducted.

Acceptable	Additional Information Necessary	
<input type="checkbox"/>	<input type="checkbox"/>	5. Items purchased were essential to the project.
<input type="checkbox"/>	<input type="checkbox"/>	6. Purchased services were in accordance with the approved project.
<input type="checkbox"/>	<input type="checkbox"/>	7. Items were ordered and received by Title I staff.
<input type="checkbox"/>	<input type="checkbox"/>	8. Items not yet received will arrive in time to have an impact on the current project.
<input type="checkbox"/>	<input type="checkbox"/>	9. Materials purchased are used by only Title I participants or only Title I programs.
<input type="checkbox"/>	<input type="checkbox"/>	10. The services being provided were not required by law. If they were, did target students receive first the same level of funding from non-Federal sources as non-target students prior to receiving Title I service.
<input type="checkbox"/>	<input type="checkbox"/>	11. The district did not have a similar program funded from non-Federal sources. If they did, were the Title I students included and were the non-Federal funds made available on an appropriate measure of educational need to both target and non-target students.
<input type="checkbox"/>	<input type="checkbox"/>	12. The expenditures were directly attributable to the program and not of an indirect cost nature.

Acceptable	Additional Information Necessary
------------	--

13. The receipts were in accordance with the needs sheet.

14. The cash balance is in agreement with the county school office.

GENERAL

1. Does the report state that prior audit findings have been appropriately resolved?

I. SELECTION OF TARGET AREAS

Objective To assess the reasonableness and accuracy of the method used to determine the eligibility of a school attendance area.

LAW: A local educational agency shall use funds received under Title I in eligible school attendance areas or areas having high concentrations of children from low-income families, and where Title I funds are insufficient to provide programs and projects for all educationally deprived children, a local educational agency shall annually rank its eligible school attendance areas from highest to lowest, according to relative degree of concentration of children from low-income families. PL 95-561 Sec. 122(a)(1)

Date Auditor W/P

_____ 1. Obtain the LEA worksheets used in selecting the attendance area. Determine if the data included children residing in the attendance area who are attending private schools and dropouts in the area is reasonable. If the data was not included, determine if the district attempted to obtain such information. Trace the low-income figures per worksheets to the approved project.

FINDINGS:

_____ 2. Trace the low-income figures on the approved project application to the source of data as indicated. If the source of information for calculating low income is free lunch applications, determine if it is in accordance with National School Lunch Act.

FINDINGS:

LAW: The same measure of low income, shall be used with respect to all such areas, both to identify the areas having high concentrations of children from low-income families and to determine the ranking of each area. PL 95-561 Sec. 122(a)(1)

Date Auditor W/P

_____ 3. Determine that the same measure or data is used to identify the areas of high concentration of children from low-income families is also used to rank the areas.

FINDINGS:

An LEA may choose from several different methods of selecting target areas. Depending on the methods used, not all of the following audit steps need be performed. Any of the methods may be applied to the district as a whole or to a designated grade span group. (See Attachment 1.)

LAW: A local educational agency may carry on a program or project assisted under Title I in an eligible school attendance area only if it also carries on such program or project in all other eligible school attendance areas which are ranked higher.

A local educational agency may designate any school attendance area eligible in which at least 25 percent of the children are from low-income families, if the aggregate amount to be expended under Title I for the areas served in the preceding year equals or exceeds the amount expended in those areas in the preceding fiscal year. PL 95-561 Sec. 122(a)(1)

Date Auditor W/P

_____ 4. Determine the percentage of children from low-income families in each school attendance area. Determine if the selected attendance areas have as high a percentage of low-income children as the whole district or the applicable grade span group. Trace these percentages to the approved application.

FINDINGS:

Date	Auditor	W/P
_____	_____	_____

5. An attendance area with at least 25% low-income children may be eligible. Determine if the total amount to be expended from Title I for those areas served in the preceding year equals or exceeds the amount expended on those areas in preceding fiscal year.

FINDINGS:

REG: An attendance area is eligible for a project if the number of children in that area from low-income families is at least equal to the average number of those children per attendance area for the district as a whole. NPRM CFR 116a.43(3)

Date	Auditor	W/P
_____	_____	_____

6. Determine the number of children from low-income families residing in each attendance area. Determine if the number residing in each selected attendance area is at least as large as the average number of such children residing in the whole district or the applicable grade span group. Trace these numbers to the approved application.

FINDINGS:

REG: If some areas or schools are selected on a percentage basis and some on a numerical basis, the total number of areas or schools to be served may not exceed the number of eligible areas or schools that could be served if only one basis had been used to select them. NPRM CFR 116a.43(b)(2)(i)

Date	Auditor	W/P
_____	_____	_____

7. If a combination of the numerical and percentage basis is used, trace these calculations to the approved application, and determine that the number of areas selected under this method do not exceed the number that could be designated if only one method had been used.

FINDINGS:

REG: All of the attendance areas in a district are eligible if the difference in the percentage of children from low-income families between the areas with the highest and lowest concentration is not more than one-third of the districtwide percentage. NPRM CFR 116a.43(a)(2)

Date	Auditor	W/P
_____	_____	_____

8. Determine if no wide variance of concentrations of low-income children exists among attendance areas in the LEA. No wide variance exists if the percentage of such children varies between the highest and lowest areas by not more than 1/3 of the average percentage of low-income children in the district as a whole or the applicable grade span group. Trace these percentages to the approved project.

FINDINGS:

LAW: A local educational agency may rank all its school attendance areas according to educational deprivation, and then serve all its eligible school attendance areas in the order of their ranking of concentration of children from low-income families unless a school ranked according to education deprivation has a substantially greater number or percentage of educationally deprived children. This school attendance area may be served before service is provided to other eligible school attendance areas with higher concentration of low-income families. In the event that a local educational agency chooses to exercise this option, it shall not serve any more school attendance areas than the number identified pursuant to Sec. 122(a)(1).

Any local educational agency desiring to use the alternative ranking system described above shall, with the consent of the district-wide parent advisory council of that agency, apply for permission to use such system to the State educational agency. Such application shall be approved by the State educational agency only if the use of such alternative ranking system will not substantially impair the delivery of compensatory education services to educationally deprived children from low-income families in project areas served by such local educational agency. PL 95-561 Sec. 122(a)(2)

Date	Auditor	W/P
_____	_____	_____

9. An attendance area may be a target area if it demonstrates to the SEA that the incidence and severity of educational deprivation in that area is substantially greater than in other attendance areas proposed to be designated because of percentage of children from low income families.
 - a. Examine the SEA approval.
 - b. Examine minutes of Parent Advisory Council for approval of alternate method.
 - c. Review the LEA's method of determining educational deprivation for reasonableness.
 - d. Determine that the services to educationally deprived children from low income families has not been substantially impaired.

FINDINGS:

LAW: A local educational agency may use funds received under Title I for educationally deprived children who are in a school which is not located in an eligible school attendance area, but at which the proportion of children in actual average daily attendance who are from low-income families is substantially the same as the proportion of such children in such an area of that agency (hereinafter referred to as an 'eligible school'). PL 95-561 Sec. 122(b)

Date	Auditor	W/P
_____	_____	_____

10. If a school in an ineligible area qualified as a target school, determine that the percentage or number of children from low-income families in ADM of that school is in the same proportion as that of the eligible attendance areas.

FINDINGS:

LAW: An eligible school attendance area may be designated a project area for a fiscal year, even though it does not qualify for that fiscal year, if such area or school was so designated in either of the two preceding fiscal years. PL 95-561 Sec. 122(c)

Date	Auditor	W/P
_____	_____	_____

11. If an attendance area does not meet any of the criteria, determine if it met requirements of target schools in either of the two fiscal years immediately preceding the current year. Examine prior approved projects to determine if an area was a target school.

FINDINGS:

LAW: Local educational agencies may skip higher ranked eligible areas receiving services of the same nature and scope from non-Federal funds as would otherwise be provided under Title I.

Whenever children residing in eligible areas and attending private elementary schools are ineligible for services of the same nature and scope from non-Federal sources, such children shall be selected for programs and projects under Title I.

The number of children receiving services under Title I who attend private elementary schools shall be determined in each LEA without regard to skipping higher ranked areas receiving services of the same nature and scope from non-Federal sources. PL 95-561 Sec. 122(e)

Date	Auditor	W/P
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_____	_____	_____
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12. If an attendance area is ranked high and eligible for Title I services but has a similar program funded from non-Federal funds, that area may be skipped. However, children residing in that area and attending private schools that are not eligible for the non-Federal funded program, may be eligible for programs funded by Title I. Determine if those children have been included in a target area.

FINDINGS:

_____	_____	_____
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13. Examine prior audit reports to determine that prior audit findings have been appropriately resolved and audit recommendations have been implemented.

FINDINGS:

CONCLUSION:

ATTACHMENT I

I. Method of Selecting Target Areas

Any one of these methods may be applied to the district as a whole or to any grade span grouping.

- A. Percentage Basis - An area is eligible if the percentage of children from low-income families is at least equal to the district as a whole or the applicable grade span.
- B. 25 Percent Low-Income - An area is eligible if the percentage of children from low-income families is at least 25% and if the total amount to be expended from Title I for those eligible areas served in the preceding year equals or exceeds the amount expended for those areas in the preceding fiscal year.
- C. Numerical Basis - An area is eligible when the number of children from low-income families is at least equal to the average number of those children per area in the district as a whole or the applicable grade span.
- D. Combination Basis - The numerical and percentage methods can be combined to select areas so long as the number of areas that would be allowable under either individual method is not exceeded.
- E. No Wide Variance - All areas are eligible when the difference in the percentage of children from low-income families between the highest and lowest concentration is not more than one-third of the district percentage or that of the applicable grade span.

II. Methods of Selecting Specific Schools not in an Eligible Area

- A. Percent or Number of ADM - A school is eligible if the percentage or number of children from low-income families in ADM of that school is at least equal to the percentage or number required to designate an area as an eligible area.
- B. Incidence of Educational Deprivation - A school with a lower concentration of children from low-income families but a substantially higher incidence of educational deprivation may be selected.
- C. Prior Year - An area or school may be designated if it was eligible in either of the two preceding years.

II. SELECTION OF TITLE I PARTICIPANTS

Objective To determine that Title I participants have been specifically identified, reside in the project area, have the greatest need, that funds were distributed based on number and needs of participants and there was a coordination of resources.

LAW: A local educational agency must use funds received under Title I for educationally deprived children, identified as having the greatest need for special assistance. PL 95-561 Sec. 123(a)

A local educational agency may receive funds under Title I only if it makes an assessment of educational needs each year to (1) identify educationally deprived children in all eligible attendance areas and to select those educationally deprived children who have the greatest need for special assistance; (2) identify the general instructional areas on which the program will focus; and (3) determine the special educational needs of participating children with specificity sufficient to facilitate development of high-quality programs and projects. PL 95-561 Sec. 124(b)

Date Auditor W/P

_____ _____ _____ 1. Interview project director to determine procedures used to select participants. Compare the procedures to the selection criteria in the approved project.

FINDINGS:

_____ _____ _____ 2. Obtain a listing of participants in the program and their test scores. Compare the scores of participants to the scores of the general population of the target areas. Determine that the lowest scoring children have been selected for the program and that the participants have been selected in accordance with the approved project.

Note: Title I is not intended to provide services for special education students. Lowest scoring students may be enrolled in special education classes.

FINDINGS:

Date Auditor W/P

3. If teacher evaluation based on the students performance was used in the selection, determine if this selection criteria is included in the approved project.

FINDINGS:

4. If performance of the student is believed by the teacher to be below what the test score indicates, determine what additional testing has been done for a more objective score of the participant.

FINDINGS:

LAW: Local educational agencies, in providing services under Title I may skip educationally deprived children in greatest need of assistance who are receiving, from non-Federal sources, services of the same nature and scope as would otherwise be provided under Title I. PL 95-561 Sec. 123(d)

Date Auditor W/P

5. If the lowest scoring students have not been selected, request information as to why they were not selected as Title I participants and determine if it was because similar services were being provided from non-Federal sources.

FINDINGS:

Date Auditor W/P
____ _____ _____

6. Review documentation to verify that students are being served in other similar programs.

FINDINGS:

REG: The LEA plans to concentrate its use of Title I resources on a limited number of selected children from project areas and not to permit the effectiveness of the project to be impaired by:

- (i) The presence of other children from project areas;
or
- (ii) The participation on a space-available basis of children who meet the criteria for selection except for the fact that they reside in areas or schools not designated for projects. NPRM CFR 116a.45(a)(2)

Date Auditor W/P
____ _____ _____

7. Determine if the participants meet the criteria of the project and if students exceed the criteria, it does not impair the effectiveness of the project.

FINDINGS:

Date Auditor W/P

8. Select at random Title I participants and trace to addresses in student files to determine that the area of residence is in the project area. If participants do not reside in the target area, determine that they do not impair the success of the program.

Method of Selection:

FINDINGS:

LAW: Whenever for a fiscal year, an educationally deprived child in a school attendance area does not meet the requirement of being in greatest need of special assistance, but did meet such requirement in any previous year, and is still educationally deprived, that child may participate in a program or project assisted under Title I for the current fiscal year. PL 95-561 Sec. 123(b)

Date Auditor W/P

9. If a child is not in the greatest need under the criteria for the current project but is still educationally deprived, determine if the child met the criteria in any previous year.

FINDINGS:

LAW: A local educational agency may receive funds under Title I only if such funds are allocated among project areas or schools for programs and projects assisted under Title I on the basis of the number and needs of children to be served. PL 95-561 Sec. 124(e)

Date Auditor W/P

10. Determine that the distribution of funds to the schools is reasonable in relation to the number and needs of children selected to participate in each school area. Compare Title I positions at target schools to the number of participants. The achievement level of the students should be considered in determining the reasonableness.

FINDINGS:

LAW: A local educational agency may receive funds under Title I only if it demonstrates that, in the development of its application, it has taken into consideration benefits and services which are or may be available through other public and private agencies, organizations, or individuals. The local educational agency shall also demonstrate that in order to avoid duplication of effort and to ensure that all programs and projects complement each other, it has considered suggestions and offers of assistance made by other agencies which may aid in carrying out or making more effective the program or project for which the application is made. PL 95-561 Sec. 124 (f)(1)

Date Auditor W/P

11. Interview project director to determine there has been a coordination of resources and effort with other programs, and there is not a duplication of effort.

FINDINGS:

LAW: It is the intent of the Congress to encourage, whenever feasible, the development for each educationally deprived child participating in a program under Title I of an individualized educational plan (maintained and periodically evaluated), agreed upon jointly by the local educational agency, the teacher, a parent or guardian of the child, and, when appropriate, the child. PL 95-561 Sec. 129

Date	Auditor	W/P
_____	_____	_____

12. Determine if Individualized Educational Plans (IEP) have been established for Title I students and how many.

FINDINGS:

_____	_____	_____
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13. Determine if they are maintained and periodically evaluated based on current information.

FINDINGS:

_____	_____	_____
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14. If IEP's were written, determine that they were agreed upon jointly by the LEA representative, teacher and parent or guardian of the child.

FINDINGS:

Date	Auditor	W/P
_____	_____	_____

15. Examine prior audit reports to determine that prior audit findings have been appropriately resolved and audit recommendations have been implemented.

FINDINGS:

CONCLUSION:

III. PARENT ADVISORY COUNCILS

Objective To determine that the Parent Advisory Councils (PAC) have been established, members have been selected appropriately and trained, and are functioning in the planning, implementation, and evaluation of the Title I program.

To determine teachers in schools participating in programs and school boards have been involved in planning and evaluating the programs.

LAW: A local education agency shall establish an advisory council for its entire school district and for each project area. PL 95-561 Sec. 125(a)(1) and (2)

Date Auditor W/P

_____ 1. Determine that the district has established a districtwide advisory council for the entire area served by Title I.

FINDINGS:

_____ 2. Determine that the district has established a PAC for each attendance area to be served by Title I.

FINDINGS:

REG: An LEA with only one attendance area may, without regard to number of schools serving that area, have one area council that shall also be its district council. NPRM CFR 116a.48(e)

_____ 3. If an LEA has one attendance area it may have only one council. If more than one school is in the district, determine that the members represent all of the schools so there is a representation of all the children being served.

FINDINGS:

LAW: A School Advisory Council (SAC) has a majority of members who are parents of children to be assisted and is composed of members elected by the parents in the project area. PL 95-561 Sec. 125(a)(2)

The District Advisory Council (DAC) has a majority of members who are parents of children to be assisted who are either elected by the SAC's or by parents, includes additional members elected by the parents or SAC's, and includes representatives elected by parents of children and schools eligible to be served but not currently participating. PL 95-561 Sec. 125(a)(1)

Any individual who is a teacher at a school serving a project area or is a parent of a child residing in an eligible school attendance area or attending an eligible school shall be eligible to be elected as a member of the district-wide advisory council, but nothing in this sentence shall preclude the eligibility of other individuals who are residents in that district. No individual who is a teacher at a project school or a school serving a project area shall be ineligible to be elected as a member of a district-wide or project area or school advisory council on the basis of residency outside such area or district. PL 95-561 Sec. 125(a)(3)

Date	Auditor	W/P
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_____	_____	_____	4. Determine that a majority of the members are parents of children being served in the project and that all members meet the eligibility requirements.
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FINDINGS:

_____	_____	_____	5. Determine that the members of the DAC were elected by the parents of the areas or the School Advisory Councils.
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FINDINGS:

Date Auditor W/P

_____ _____

6. Determine that children in eligible areas not currently participating are represented on the council.

FINDINGS:

LAW: In the case of any project area or school in which not more than one full-time equivalent staff member is paid with Title I funds and in which not more than forty students participate in such programs, the requirements of a school council shall be waived.

In the case of any project area or school in which 75 or more students are served by programs assisted by Title I funds, each such project area or school advisory council, in addition to meeting the requirements of Sec. 125(a)(2) shall:

- (i) be composed of not less than 8 members, who shall serve for terms of two years, after which time they may be re-elected;
- (ii) elect officers of the council after it has been fully constituted; and
- (iii) meet a sufficient number of times per year, according to a schedule and at locations to be determined by such council. PL 95-561 Sec. 125(a)(2)

Date Auditor W/P

_____ _____

7. If a waiver was granted, determine that it was appropriate and in accordance with the law.

FINDINGS:

Date	Auditor	W/P
_____	_____	_____

8. Determine that SAC has met the additional requirements of not less than 8 members, election of SAC officers, and met the number of times as outlined in the project application.

FINDINGS:

REG: The LEA shall provide for timely and adequate notice to the parents and the general public in the agency's school district, or in the appropriate school attendance area in the case of a school council, of the time, place, and method of nomination and election of council members.

The LEA shall take appropriate measure, such as the publication of the notice in a language other than English, to insure that adequate notice is provided for parents in an area where the dominant language is other than English.

After the election LEA shall make the names of the members of the council available to the public through appropriate notices and upon request. NPRM CFR 116a.48(i)

Date	Auditor	W/P
_____	_____	_____

9. Determine if the LEA has provided timely and adequate notice to the general public and parents of the time, place, and method of selecting PAC members.

FINDINGS:

Date Auditor W/P

10. Determine if adequate notice is provided for parents in an area where the dominant language is not English.

FINDINGS:

11. Determine that after selection, the names of council members are made available to the public.

FINDINGS:

LAW: The LEA shall establish appropriate procedures to identify parents of children who are currently participating in a project or will participate in a project so that those parents may be considered for membership on a DAC or SAC.

In no case, however, may the LEA identify parents for this purpose unless those parents have first given their consent. NPRM CFR 116a.48(g)

Date Auditor W/P

12. Determine if the LEA identified parents of children participating so they could be considered for membership on a PAC.

FINDINGS:

Date	Auditor	W/P
_____	_____	_____

13. Review the parent consent of those members identified as eligible to be included in the PAC.

FINDINGS:

LAW: Each local educational agency shall provide without charge to each advisory council established and upon request to each council member:

- (A) a copy of the text of this title,
- (B) a copy of any Federal regulations and guidelines issued under such title; and
- (C) a copy of Federal regulations and guidelines associated with this title. PL 95-561 Sec. 125(c)(1)

Date	Auditor	W/P
_____	_____	_____

14. Interview PAC members and determine if each council has available copies or upon request were furnished copies of the following:

- A. Title I of the Act.
- B. Federal regulations and guidelines.
- C. State Title I regulations and guidelines.

FINDINGS:

LAW: Each State educational agency shall provide a copy of any report resulting from State or Federal auditing, monitoring, or evaluation activities in any district to the parent advisory council established in such district. PL 95-561 Sec. 125(c)(2)

REG: The SEA must determine that the LEA is providing each council with the LEA's current application and other information and documents, such as prior applications and evaluations, that the council may need for its effective involvement in planning, implementing, and evaluating Title I projects. NPRM CFR 116a.48(j)(3)

Date Auditor W/P

_____ 15. Interview members and determine if their council was provided a copy of the LEA's current application and any other relevant documents for effective involvement.

FINDINGS:

REG: The SEA must determine:

4. That each council has adequate opportunities to:
 - (i) Consider the information available concerning the special educational needs of the educationally deprived children residing in the project area or areas, and of children residing in institutions, and the various programs available to meet these needs; and
 - (ii) Make recommendations concerning which needs the Title I project should meet and which should be met by other programs.
5. That all parents of children to be served have had an opportunity to present their views concerning the application to the appropriate SAC or DAC.
6. That the LEA provides each council with opportunities to submit comments and considers those comments before it approves applications and submits them to the SEA.
7. That each council operates under procedures that will insure the timely and proper performance of its functions, including procedures for convening meetings and for recording and maintaining minutes. NPRM CFR 116a.48(j)

Date Auditor W/P

16. Review council minutes and determine if adequate information regarding special educational programs was provided parents on a timely basis so the parents had the opportunities to consider programs available for Title I purposes and submit comments and recommendations to be considered by the LEA prior to the project being submitted for approval.

NOTE: The minutes of the prior year may have to be reviewed.

FINDINGS:

17. Review notification procedures of PAC meetings to determine that all parents of children to be served have had an opportunity to present their views.

FINDINGS:

LAW: A local educational agency may receive Title I funds only if teachers in schools participating in programs and school boards responsible to the public have been involved in planning for those programs and will be involved in the evaluation thereof. PL 95-561 Sec. 124(i)

Date	Auditor	W/P
_____	_____	_____

18. Determine if teachers and board members have been involved in planning and evaluating the Title I programs by interviews and review of board minutes.

FINDINGS:

LAW: Each local educational agency application for Title I funding shall describe a program for training the members of advisory councils to carry out their responsibilities. Such training program:

- (1) shall be planned in full consultation with the members of such advisory councils;
- (2) shall provide each member of each such council with appropriate training materials; and
- (3) may permit the use of Title I funds for expenses associated with such training, including expenses associated with the attendance of such members at training sessions. PL 95-561 Sec. 125(d)

Date	Auditor	W/P
_____	_____	_____

19. Determine that the council members were involved in planning the training program by review of agenda and minutes of meeting.

FINDINGS:

Date Auditor W/P

_____ _____ _____

20. Determine that the training program for council members as described in their project application was conducted by reviewing agenda and training material of training session.

FINDINGS:

_____ _____ _____

21. Examine prior audit reports to determine that prior audit findings have been appropriately resolved and audit recommendations have been implemented.

FINDINGS:

CONCLUSION:

IV. DISSEMINATION AND UTILIZATION OF RESULTS OF EDUCATIONAL RESEARCH AND DEMONSTRATIONS

Objective To determine if the dissemination plan has been implemented.

LAW: A local educational agency may receive Title I funds only if effective procedures are in existence for acquiring and disseminating to teachers and administrators significant information derived from educational research, demonstration, and similar projects, and for adopting, where appropriate, promising educational practices developed through such projects. PL 95-561 Sec. 125(h)

Date Auditor W/P

_____ 1. Meet with the Title I coordinator or person assigned the responsibility for the Title I program and review any available documentation to support the district's dissemination program. Determine if the plan is in accordance with the approved project.

Note: If the dissemination program has not been implemented by the LEA, discuss the necessity of fulfilling this requirement and suggest that technical assistance is available at the state Title I office.

FINDINGS:

_____ 2. Examine prior audit reports to determine that prior audit finds have been appropriately resolved and audit recommendations have been implemented.

FINDINGS:

CONCLUSION:

V. PARTICIPATION BY CHILDREN ENROLLED IN PRIVATE SCHOOLS

Objective To ascertain that the LEA has implemented adequate management priorities and controls for assuring that the use of Title I resources for providing services to children in private schools is consistent with the requirements of legislative restrictions and federal regulations.

LAW: To the extent consistent with the number of educationally deprived children in the school district of the local educational agency who are enrolled in private elementary and secondary schools, such agency shall make provision for including special educational services and arrangements in which such children can participate. PL 95-561 Sec. 130(a)

Date Auditor W/P

- | | | | |
|-------|-------|-------|--|
| _____ | _____ | _____ | 1. Interview project director to determine procedures performed and examine available documents as evidence that the LEA has given all the private schools in their area an opportunity to participate in Title I. |
|-------|-------|-------|--|

FINDINGS:

REG: Before it approves an application, the SEA shall determine that (1) the applicant LEA has consulted with appropriate private school officials who have specific knowledge of the number of educationally deprived private school children and of the special educational needs of those children. NPRM CFR 116a.46(a)

Date Auditor W/P

- | | | | |
|-------|-------|-------|--|
| _____ | _____ | _____ | 2. Review documents and interview personnel to determine that a "knowledgeable person" has been consulted in determining the needs, number of children, and types of services necessary in a private school. |
|-------|-------|-------|--|

FINDINGS:

REG: The SEA shall determine that the LEA plans to select private school children to receive Title I services on the basis of criteria that are the same as or similar to the criteria for the selection of public school children. NPRM CFR 116a.46(a)(2)

Date Auditor W/P

3. Review selection of students in conformance with part IV of this guide and the approved application to determine the most educationally deprived have been selected.

FINDINGS:

4. Randomly select students participating in the Title I program and determine that they reside in the public school attendance area or areas designated as the project area.

FINDINGS:

LAW: Expenditures for educational services and arrangements pursuant to this section for educationally deprived children in private schools shall be equal (taking into account the number of children to be served and the special educational needs of such children) to expenditures for children enrolled in the public schools of the local educational agency. PL 95-561 Sec. 130(a)

Date Auditor W/P

5. Determine on a reasonable basis that children in private schools are provided with an equal level of Title I funding per pupil as children in public schools.

FINDINGS:

LAW: A local educational agency may receive Title I funds only if control of such funds, and title to property derived therefrom, is in a public agency for the uses and purposes provided in this title, and only if a public agency will administer such funds and property. PL 95-561 Sec. 124(m)

- REG: (4) The Title I services:
- (i) Are not designed to provide and will not provide a benefit to the private school; and
 - (ii) will always be provided under the LEA's administration and control.
- (b) Title I services may be provided on private school premises only:
- (1) To the extent necessary to insure the delivery of those services to private school children on an equitable and comparable basis; and
 - (2) If those services are not normally provided by the private school. NPRM CFR 116a.46(a)(4) and (b)

Date	Auditor	W/P
_____	_____	_____

6. Interview the project director concerning the LEA's plans for supervising the private school activity. Determine that procedures are adequate to comply with the regulations.

FINDINGS:

_____	_____	_____
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7. If Title I equipment is being used by the private school, determine that the public school is exercising administrative control of the property. This administrative control includes maintaining title to, maintaining records of, assuring itself that the property is being used solely for the purposes of the project, and removing the equipment when it is no longer necessary to the project.

FINDINGS:

Date Auditor W/P
____ _____ _____

8. Interview personnel paid from Title I funds. Make the following determinations for this expenditure:
 - a. Any payments to personnel employed by the private school are for services performed outside their regular hours of duty and under the public school's supervision.

FINDINGS:

____ _____ _____

- b. Public school personnel made available to the private school on the private school's premises are available only for special services not normally provided by the private school. Special services are such services as therapeutic, remedial, guidance, and counseling, etc.

FINDINGS:

REG: The provisions of Title I dealing with non-instructional duties are not applicable to Title I-paid personnel when they provide Title I services on private school premises. NPRM CFR 116a.46(d)

Date	Auditor	W/P
_____	_____	_____

9. Determine that the personnel are not paid for non-instructional duties from Title I funds. This includes certain limited, rotating, supervisory duties not related to classroom instruction.

FINDINGS:

_____	_____	_____
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10. Examine prior audit reports to determine that prior audit findings have been appropriately resolved and audit recommendations have been implemented.

FINDINGS:

CONCLUSION:

VI. COMPARABILITY OF SERVICES

Objective To determine that services provided with State and local funds in target schools are at least comparable to services provided with such funds in non-target schools based upon enrollment and instructional salaries.

LAW: A local educational agency may receive Title I funds only if State and local funds will be used in the district to provide services in project areas which, taken as a whole, are at least comparable to services being provided in areas in such district which are not receiving Title I funds. Where all school attendance areas in the district are designated as project areas, the agency may receive Title I funds only if State and local funds are used to provide services which, taken as a whole, are substantially comparable in each project area. PL 95-561 Sec. 126(e)

REG: The LEA shall keep the source documents from which it derived the data on its comparability reports and shall make those documents available to the SEA and to auditors upon their request. NPRM CFR 116a.49(i)

Date	Auditor	W/P
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_____	_____	_____	1. Obtain LEA workpapers used to compute comparability and the comparability report submitted to the SEA. Determine the mathematical accuracy of the workpapers and the report by footing and testing calculations.
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FINDINGS:

REG: Grouping by grade span. An LEA with one or more project and non-project areas or schools for children at the same grade levels first determines how its schools are to be grouped according to their grade spans. For example, if an attendance area for kindergarten through grade 6 is designated for a project, the services provided by the LEA for children in those grades in that area are compared with the services the LEA provides in Non-Title I areas in schools with the same or similar grades.

The LEA shall group all of its schools into not more than three groups if it operates 10 or more grade levels above kindergarten; two groups if it operates 8 or 9 grade levels above kindergarten; two groups if it operates 5 or more grade levels in grades 6 through 12; and one group for fewer numbers of grades.

An additional group, however, is permitted for schools with 8 or more grades above kindergarten.

Grouping by size of enrollment. If the largest of all of the schools in a grade span - not including children in schools with enrollment of 100 or fewer - is at least twice that of the smallest, the schools may be divided into two groups according to sizes of enrollment. NPRM CFR 116a.49(e) and (f)

Date	Auditor	W/P
_____	_____	_____

2. Review the LEA's determination of grouping of schools. Determine this has been done in accordance with regulation. Refer to Attachment (1) for detail.

FINDINGS:

REG: The LEA report shall show the number of children enrolled on an actual or on a weighted basis if State law requires that State and local funds be allocated to the school level on the basis of the numbers of children in certain grade levels or with special characteristics. NPRM CFR 116a.49(b)(1)

The LEA is not required to include the number of children enrolled in programs for handicapped children, bilingual programs, or State or local compensatory or State phase-in programs. NPRM CFR 116a.49(h)

Date	Auditor	W/P
_____	_____	_____

3. Obtain the District's Detail Monthly Membership Report #M-25151-R for the period ending closest to 10-1-79. This report is the documentation from which the State of Arizona pays State Aid to schools. This run details average daily membership by school. Membership is defined as number of students registered at a given school. LEA's submit to the SEA the number of students registered times number of days registered. The output of this detail run is:

$$\frac{\text{No. of students registered} \times \text{No. of days registered}}{\text{No. of days in session}}$$

The form of the run is average daily membership by school by elementary district. High school districts are computed by grade level.

Self-contained Handicapped Students (students enrolled full time in Special Education programs) are separately reported on this run by handicap. Resource students (students enrolled part time in Special Education programs) are included with regular students on this detail.

_____	_____	_____
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- a. From the documentation available at the LEA for comparability purposes, determine if enrollment data per the client's work-papers are reconcilable with this detail run.

FINDINGS:

_____	_____	_____
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- b. If the district (at its option) has excluded handicapped children who participate on a full or part time basis in Special Education programs from enrollment, determine if enrollment figures are proper in accordance with the above description.

FINDINGS:

Date Auditor W/P

- c. If a district (at its option) has excluded children participating in a bilingual program, determine they have been properly excluded from enrollment.

FINDINGS:

- d. If an LEA optioned to make the allowable exciusions in b. and c. above, review documentation from the SEA to determine the LEA demonstrated that services provided for bilingual and handicapped children are comparable to services provided to similarly disadvantaged children in non-project areas.

FINDINGS:

REG: The LEA report shall show:

- (2) The number of instructional staff assigned to that Title I school and to those non-project schools. The term "instructional staff" means persons who provide instruction directly to children and the immediate supervisors of and assistants to those persons;
- (3) The total amount of the annual salaries of the instructional staff but not including salary increments based on length of services (longevity). NPRM CFR 116a.49(a)(2) and (3)

Date	Auditor	W/P
_____	_____	_____

4. Obtain the LEA's payroll register for the period ending closest to 10-1-79. For the most part, the allowable salaries will be coded to fund 001 (General Fund), fund 002 (Special Education), functions 200, 300, and object codes 5100 and 5200. Reconcile the instructional staff F.T.E.'s in the payroll register to the LEA's workpapers on comparability to determine all appropriate personnel have been included.

FINDINGS:

_____	_____	_____
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5. Obtain the current pay scale of the LEA. Randomly select _____ teachers. (Total number of personnel in comparability report = _____). Determine personnel have been properly classified as to educational level by tracing from LEA workpapers to signed contracts and transcripts if necessary and the salary amount is the base salary and does not include length of service.

FINDINGS:

REG: Criteria. The SEA finds that the LEA is providing comparable services in a project area or school if:

The number of children enrolled per instructional staff member is not more than 105 percent of the corresponding ratio for all of the Non-Title I schools; and

The amount expended for salaries for instructional staff per child enrolled is not less than 95 percent of the corresponding amount for the Non-Title I schools.
NPRM CFR 116a.49(c)

Date Auditor W/P
____ _____ _____

6. Determine that the target schools are within the limits for number of children and amount of salaries.

FINDINGS:

REG: Following the submission of the comparability report to the SEA, the LEA shall make periodic determinations and whatever adjustments that may be necessary to maintain the comparability of its services in project areas or schools. NPRM CFR 116a.49(i)

____ _____ _____

7. Examine other data available to determine the LEA is maintaining its comparability status.

FINDINGS:

____ _____ _____

8. Examine prior audit reports to determine that prior audit findings have been appropriately resolved and audit recommendations have been implemented.

FINDINGS:

CONCLUSION:

Attachment (1)

A. ALLOWABLE GROUPS

- GENERALLY MAX 3 GROUPS
1. ELEM INTERMEDIATE HIGH
 K-6 7-8 9-12
 1-6 7-9 10-12

 2. MAY HAVE 4TH GROUP IF SCHOOLS SERVE
 K-8
 or more
 1-8

 3. MAX 1 GROUP IF GRADE SPANS
 K-7
 or fewer grades
 1-7

 4. MAX 2 GROUPS IF GRADE SPANS ARE
 K-8 K-9
 1-8 1-9

 5. SCHOOL SERVING 6-12 ONLY
 MAX 2 GROUPS IF 5 OR 6 GRADES ARE SERVED
 MAX 1 GROUPS IF 4 OR LESS ARE SERVED

 6. WITHIN GRADE SPAN IF LARGEST ENROLLMENT IS AT LEAST
 2X THAT OF THE SMALLEST - MAY DIVIDE THE GRADE SPAN
 INTO TWO GROUPS ACCORDING TO SIZES OF ENROLLMENT.

VII. MAINTENANCE OF EFFORT

Objective To determine that the LEA has maintained its combined fiscal effort.

- LAW: (1) A local educational agency may receive funds under this title only if the State educational agency finds that the combined fiscal effort per student or the aggregate expenditures of that agency and the State with respect to the provision of free public education by that agency for the preceding fiscal year was not less than such combined fiscal effort per student or the aggregate expenditures for that purpose for the second preceding fiscal year.
- (2) The Commissioner may waive, for one fiscal year only, the requirements of this subsection if he determines that such a waiver would be equitable due to exceptional and unforeseen circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the local educational agency. In any case in which a waiver under this paragraph is granted, the Commissioner shall reduce the amount of Federal payment for the program affected for the current fiscal year in the exact proportion to which the amount expended was less than the amount required. No level of funding permitted under such a waiver may be used as the basis for computing the fiscal effort required, for years subsequent to the year covered by such waiver. Such fiscal effort shall be computed on the basis of the level of funding which would, but for such waiver, have been required. PL 95-561 Sec. 126(a)

Date	Auditor	W/P
_____	_____	_____

1. The SEA annually computes fiscal effort. This computation is not available prior to January. Confirm with the SEA that fiscal effort has been maintained.

FINDINGS:

Date Auditor W/P
____ _____ _____

2. If fiscal effort has not been maintained, examine appropriate documentation to determine that the LEA has implemented appropriate procedures to insure fiscal effort.

FINDINGS:

____ _____ _____

3. Examine prior audit reports to determine that prior audit findings have been appropriately resolved and audit recommendations have been implemented. (Only applicable if an audit was performed in FY 79.)

FINDINGS:

CONCLUSION:

VIII. INDIRECT COSTS

Objective To determine that the proper indirect cost rate has been applied to the project.

State Guidelines

A district is eligible to claim indirect costs if it has a State approved indirect cost rate. The district applies the rate to actual expenditures less capital outlay of the project.

The SEA recommends that at the beginning of the project period 75% of allowable indirect costs be transferred to an indirect cost fund. As expenditures exceed 75% of the total budget, additional funds may be transferred to the indirect cost fund with a final adjustment at the end of the project period.

For the purposes of Title I, indirect cost is defined as (a) costs incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. These costs are further defined as auxiliary functions necessary to sustain the direct effort involved in administering a grant program or an activity providing service to the grant program. These services may be centralized in the grantee department or in some other agency and include procurement, payroll, personnel functions, maintenance and operation of space, data processing, accounting, budgeting, auditing, mail and messenger service.

Date	Auditor	W/P
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_____	_____	_____	1. Confirm indirect cost rate in the project with the SEA.
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FINDINGS:

_____	_____	_____	2. Determine the rate has been applied to actual expenditures less capital outlay at the end of the project period.
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FINDINGS:

Date Auditor W/P

_____ _____

3. Determine that the LEA has not directly charged to the project, expenditures which would appear to be indirect.

FINDINGS:

_____ _____

4. Examine prior audit reports to determine that prior audit findings have been appropriately resolved and audit recommendations have been implemented.

FINDINGS:

CONCLUSION:

IX. EQUIPMENT

Objective To insure that equipment purchased with Title I funds is essential to the project, used by Title I children only, and that records comply with applicable property management standards.

Date Auditor W/P

_____ _____ _____ 1. Obtain requisition/purchase order/invoice(s) for all equipment purchased to compare to Capital Outlay section of the approved project to determine if items purchased are the same as approved. This step should be done at the same time as PROJECT EXPENDITURES AND RECEIPTS.

FINDINGS:

_____ _____ _____ 2. Determine that all equipment approved in the project has been received and arrived in sufficient time to make an impact on the current program.

FINDINGS:

_____ _____ _____ 3. Inspect insurance policies for adequate coverage.

FINDINGS:

REG: Basic rule. Equipment shall be used by the recipient in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original project or program, the recipient shall use the equipment, if needed, in other projects or programs currently or previously sponsored by the Federal Government.

Shared use. If equipment is being used less than full time in the project or program for which it was originally acquired, the recipient shall make it available for use in other projects or programs currently or previously sponsored by the Federal Government: Provided, such other use will not interfere with the work on the original project or program. First preference for such other use shall be given to other projects or programs sponsored by same granting agency. NPRM CFR 74.137(a) and (b)

A physical inventory of equipment shall be taken and the results reconciled with the property records at least once every 2 years to verify the existence, current utilization, and continued need for the equipment. A statistical sampling basis is acceptable. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the differences. NPRM CFR 74.140(b)

4. Obtain a listing of the last physical inventory of Title I equipment and ascertain the following:

Date	Auditor	W/P
_____	_____	_____

- A. Is equipment being used only for Title I children? If not, has it been loaned so as to not interfere with the Title I Program?

FINDINGS:

Date Auditor W/P
____ _____ _____

B. Is the equipment actually in use and labeled as Title I equipment?

FINDINGS:

____ _____ _____

C. Has the physical inventory been reconciled to the property records within the last two years?

FINDINGS:

REG: A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented. NPRM CFR 74.140(c)

Date Auditor W/P
____ _____ _____

5. Determine if equipment has been lost, stolen, or damaged; if so, review documentation of investigation.

FINDINGS:

REG: When original or replacement equipment is no longer to be used in projects or programs currently or previously sponsored by the Federal Government, disposition of the equipment shall be made as follows:

(a) Equipment with a unit acquisition cost of less than \$1,000 and equipment with no further use value. The equipment may be retained, sold, or otherwise disposed of, with no further obligation to the Federal Government.

(b) All other equipment.

(1) The equipment may be retained or sold, and the Federal Government shall have a right to an amount calculated by multiplying the current market value or the proceeds from sale by the Federal share of the equipment (see 74.142). If part of the Federal share in the equipment came from an award under which the exemptions in 74.135 were applicable, the amount due shall be reduced pro rata. In any case, if the equipment is sold, \$100 or 10 percent of the total sales proceeds, whichever is greater, may be deducted and retained from the amount otherwise due for selling and handling expenses.

(2) If the grantee's project or program for which or under which the equipment was acquired is still receiving grant support from the same Federal program and if the granting agency approves, the net amount due may be used for allowable costs of that project or program. Otherwise, the net amount must be remitted to the granting agency by check. NPRM CFR 74.139

Date Auditor W/P

_____ _____ _____ 6. If equipment has been disposed of determine if proper disposition procedures have been followed.

FINDINGS:

REG: Procedures for managing equipment (including replacement equipment) until transfer, replacement, or disposition takes place shall, as a minimum, meet the following requirements:

- (a) Property records shall be maintained accurately. For each item of equipment, the records shall include:
 - (1) A description of the equipment including manufacturer's model number, if any.
 - (2) An identification number, such as the manufacturer's serial number.
 - (3) Identification of the grant under which the recipient acquired the equipment.
 - (4) The information needed to calculate the Federal share of the equipment. (See 74.142.)
 - (5) Acquisition date and unit acquisition cost.
 - (6) Location, use, and condition of the equipment and the date the information was reported.
 - (7) All pertinent information on the ultimate transfer, replacement, or disposition of the equipment. NPRM CFR 74.140(a)

Date	Auditor	W/P
_____	_____	_____

- 7. Determine that property records are maintained and provide for:
 - a. A description of the property.
 - b. Manufacturer and manufacturer's serial number or other identification number.
 - c. Acquisition date and cost.
 - d. Source of funding.
 - e. Percentage of federal funds used in the purchase of the property.
 - f. Location, use and condition of the property.
 - g. Ultimate disposition data including sales price or method used to determine current FMV if the grantee reimburses the grantor agency for its share.

FINDINGS:

Date	Auditor	W/P
_____	_____	_____

8. Examine prior audit reports to determine prior audit findings have been appropriately resolved and audit recommendations have been implemented.

FINDINGS:

CONCLUSION:

X. PROJECT EXPENDITURES AND RECEIPTS

Objective To determine that the district records provide adequate accountability of the receipts and expenditures and that they are reasonable and properly classified in accordance with the proposed project application.

To determine that expenditures are documented and represent reasonable and actual charges for essential goods and services provided for the project.

To determine that the district has engaged the number of staff as approved, provided in-service training for aides, assigned staff to planned areas of responsibility, and that staff concentrate their efforts on Title I.

To determine that the funds provided for by this project are being used to supplement rather than supplant services provided by non-Federal funds.

To estimate the expenditures from the audit date through the end of the project year and determine that they will not exceed the project budget.

Date	Auditor	W/P	
_____	_____	_____	1. Obtain expense ledgers or other record of budgeted versus actual expenditures from business office.
_____	_____	_____	2. Set up a summary by object code showing: Budget, Actual Expenditures to Date, Budget Balance, Projected Expenditure, Total to Year End, Budget Balance and Deviation. Compute Budget Balance. Review any areas which might be potential problems and needing expended audit work.

FINDINGS:

_____	_____	_____	3. Obtain payroll records and verify the gross pay of all personnel paid from Title I by reference to contracts or time slips and approved rates.
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FINDINGS:

Date Auditor W/P

4. Select one payroll period at random.

5. For every other employee listed on the payroll, check employee W-4's and trace federal withholdings to Circular E. Check the calculation of other taxes and state retirement. If applicable, trace to the state tax exempt form. Trace all other deductions from gross pay to an employee authorization.

FINDINGS:

6. Compare the positions funded from Title I to those approved in the project application and determine the duties each has been assigned.

FINDINGS:

7. Compute the estimated salary expense to year end by reference to contract or commitment balance per the payroll records. (The amount paid to date may include supplementary amounts over and above the contract.) Enter estimated salary expense on Summary and compute the budget balance and deviation.

FINDINGS:

Date	Auditor	W/P
_____	_____	_____

8. Interview instructional staff paid from Title I funds who deal directly with participants and determine that they are aware who the Title I participants are.

FINDINGS:

_____	_____	_____
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9. Observe in the classroom that instructional staff paid from Title I funds concentrate their efforts on Title I children.

FINDINGS:

LAW: A local educational agency may receive Title I funds for programs and projects involving education aides, including volunteers, only if it has in effect well-developed plans providing for coordinated programs of training in which education aides, including volunteers, and the professional staff whom they are assisting will participate together. PL 95-561 Sec. 124(l)

Date	Auditor	W/P
_____	_____	_____

10. If instructional aides are part of the Title I program, determine when interviewing if a training program for aides with professional staff has been implemented by the district and the aides have participated.

FINDINGS:

Date Auditor W/P
 _____ _____ _____

11. Obtain a ledger of employee benefits and determine if the appropriate amounts have been charged to the project budget.

FINDINGS:

_____ _____ _____

12. Estimate employee benefits to the end of the project by applying the appropriate percentages to the salaries estimated in Step #5. Enter estimate on summary and compute budget balance and deviation.

FINDINGS:

_____ _____ _____

13. From the detail ledger of expenditures other than payroll and related expenses, select items for testing as considered necessary, including some items selected at random in addition to large dollar items.

Scope:

	No. of Items	\$ Value
Total expenditures to date	_____ (approx)	_____
Total selected items:	_____	_____
Percent selected:	_____	_____

_____ _____ _____

14. Obtain all available documentation for the selected items in Step #13 (requisitions, purchase order, vendor's invoice, etc.). Examine documentation, verify amount of expenditure, and review project or service description and determine that it is approved in the project application. Note the approval of a program director or designee.

FINDINGS:

Date Auditor W/P

_____ _____ _____

- 15. Note the quantity and type of items purchased to determine if appropriate for the Title I program being conducted and the number of participants.

FINDINGS:

_____ _____ _____

- 16. Interview Title I personnel to determine if they received the materials and observe that they are being used by only Title I selected participants.

FINDINGS:

_____ _____ _____

- 17. Review "other expenditures" to determine if they were appropriate for the Title I program being conducted.

FINDINGS:

LAW: A local educational agency may use Title I funds for planning only if (1) the planning relates directly to programs or projects to be assisted under Title I and has resulted, or is reasonably likely to result, in a program or project to be assisted under Title I and (2) such funds are needed because of the innovative nature of the program or project or because such agency lacks the resources necessary to plan adequately for programs and projects to be assisted under Title I. The amount a local educational agency may use for plans for any fiscal year may not exceed 1 percent of the amount allocated for that agency for that year or \$2,000, whichever is greater. PL 95-561 Sec. 124 (c)

Date	Auditor	W/P
_____	_____	_____

18. If funds were used for planning, determine that it is directly related to Title I and that the program was innovative or the district lacked funds to plan adequately for a Title I project.

FINDINGS:

_____	_____	_____
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19. Obtain from a reliable source an estimate of expenditures to the end of the project. Enter estimates on summary and compute budget balance and deviation. Suggested method for estimated expenditures to year end is to obtain the encumbrances from the expense ledgers. Ask project director or other appropriate person if any other expenditures are planned which have not yet been encumbered (purchase order issued). If amount appears unreasonable in view of project timelines, investigate and obtain documentation.

FINDINGS:

LAW: A local educational agency may use Title I funds received only for the excess costs of programs and projects. PL 95-561 Sec. 126(b)

Date Auditor W/P

20. Determine that the costs of the Title I program have been direct and meet the excess cost definition as stated in Part XI.

FINDINGS:

LAW: A local educational agency may use Title I funds received only so as to supplement and, to the extent practical, increase the level of funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs and projects assisted under this title, and in no case may such funds be so used to supplant such funds from such non-Federal sources. PL 95-561 Sec. 126(c)

Date Auditor W/P

21. Determine if the service being provided with Title I funds is not a service required by law. If so, do the target students receive that level required by law from non-Federal sources and do non-target students receive the same level of funding as target students.

FINDINGS:

Date	Auditor	W/P
_____	_____	_____

- 22. If a district has a program funded from non-Federal funds which is similar to the Title I program, determine that the Title I eligible children were not excluded and that the non-Federal funds were made available on an appropriate measure of educational need to target and non-target students.

FINDINGS:

_____	_____	_____
_____	_____	_____
_____	_____	_____

- 23. Obtain the revenue ledger from the district and list the monthly receipts as of the audit date.
- 24. Compare the above list to form ADE 40-004 Estimated Needs - Funds Payment Schedule submitted with the project application.
- 25. Subtract the total amount expended to date of the audit, from the total of cash received to establish the current cash balance. Compare with the County School Office.

FINDINGS:

Date	Auditor	W/P
_____	_____	_____

26. Examine prior audit reports to determine that prior audit findings have been appropriately resolved and audit recommendations have been implemented.

FINDINGS:

CONCLUSION:

XI. DEFINITIONS

1. 'Attendance area' means the geographic area served by a particular public school or group of schools for children in a specified group of grades, such as kindergarten through grade 6, grades 7 through 9, or grades 10 through 12. An attendance area need not be one contiguous geographic area. If the area served by a particular school cannot be readily defined on a geographic basis, that area consists of the residences of the children whom the LEA assigned to that school or would assign to that school if they were not attending voluntarily another public school or a private school.
2. 'Average daily attendance' means attendance determined in accordance with State law, except that notwithstanding any other provision of this title, where the local educational agency of the school district in which any child resides makes or contracts to make a tuition payment for the free public education of such child in a school situated in another school district, for purposes of this title the attendance of such child at such school shall be held and considered (A) to be in attendance at a school of the local educational agency so making or contracting to make such tuition payment, and (B) not to be in attendance at a school of the local educational agency receiving such tuition payment or entitled to receive such payment under the contract.
3. 'Average per pupil expenditure' means in the case of a State or the United States, the aggregate current expenditures, during the third fiscal year preceding the fiscal year for which the computation is made (or if satisfactory data for that year are not available at the time of computation, then during the most recent preceding fiscal year for which satisfactory data are available), of all local educational agencies in the State, or in the United States (which for the purposes of this subsection means the fifty States, and the District of Columbia), as the case may be, plus any direct current expenditures by the State for operation of such agencies (without regard to the source of funds from which either of such expenditures are made), divided by the aggregate number of children in average daily attendance to whom such agencies provided free public education during such preceding year.
4. 'Commissioner' means the United States Commissioner of Education.
5. 'Construction' includes the preparation of drawings and specifications for school facilities; erecting, building, acquiring, altering, remodeling, improving, or extending school facilities; and the inspection and supervision of the construction of school facilities.
6. 'County' means those divisions of a State utilized by the Secretary of Commerce in compiling and reporting data regarding counties.
7. 'Current expenditures' means expenditures for free public education, including expenditures for administration, instruction, attendance, and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities, but not including expenditures for community services, capital outlay, and debt service, or any expenditures made from funds granted under this title or parts B and C of Title IV of this Act.

8. 'Educationally deprived children' means children whose educational attainment is below that appropriate for children of their age.
9. 'Elementary school' means a day or residential school which provides elementary education, as determined under State law.
10. 'Equipment' includes machinery, utilities, and building equipment and any necessary enclosure or structures to house them, and includes all other items necessary for the functioning of a particular facility as a facility for the provision of educational services, including items such as instructional equipment and necessary furniture, printed, published, and audio-visual instructional materials, and books, periodicals, documents, and other related materials.
11. 'Excess costs' means costs directly attributable to programs and projects which exceed the average per pupil expenditure of a local educational agency in the most recent year for which satisfactory data are available for pupils in the grade or grades included in such programs or projects.
12. 'Free public education' means education which is provided at public expense, under public supervision and direction, and without tuition charge, and which is provided as elementary or secondary school education in the applicable State, except that such term does not include any education provided beyond grade 12.
13. 'Institution for delinquent children' means a public or private residential facility that is operated primarily for the care of children who have been adjudicated to be delinquent or in need of supervision. The term also includes an adult correctional institution in which children reside.
14. 'Institution for neglected children' means a public or private residential facility - other than a foster home - that is operated primarily for the care of children who have been committed to the institution or voluntarily placed in the institution under applicable State law because of abandonment or neglect by, or death of, parents or persons acting in the place of parents.
15. 'Local educational agency' means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or such combination of school districts for its public elementary or secondary schools. Such term includes any other public institution or agency having administrative control and direction of a public elementary or secondary school.
16. 'Parent' includes a legal guardian or other person standing in loco parentis.
17. 'Project area' means a school attendance area having a high concentration of children from low-income families which, without regard to the locality of the project itself, is designated as an area from which children are to be selected to participate in a program or project assisted under this title.
18. 'School attendance area' means in relation to a particular school, the geographical area in which the children who are normally served by that school reside.

19. 'School facilities' means classrooms and related facilities (including initial equipment) for free public education and interests in land (including site, grading, and improvements) on which such facilities are constructed, except that such term does not include those gymnasiums and similar facilities intended primarily for exhibitions for which admission is to be charged to the general public.
20. 'Secondary school' means a day or residential school which provides secondary education, as determined under State law, except that it does not include any education provided beyond grade 12.
21. 'Secretary' means the Secretary of Health, Education, and Welfare.
22. 'State' means a State, Puerto Rico, Guam, the District of Columbia, American Samoa, the Virgin Islands, the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.
23. 'State educational agency' means the officer or agency primarily responsible for the State supervision of public elementary and secondary schools.