



ARRA REPORT BY THE
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-10-0222

November 24, 2009

ARRA REVIEW OF IDOE NATIONAL SCHOOL LUNCH PROGRAM
EQUIPMENT ASSISTANCE GRANTS

Indiana Inspector General Staff Attorney Amanda Schaeffer and State Examiner Bruce Hartman of the Indiana State Board of Accounts report as follows:

This report addresses an evaluation of the National School Lunch Program¹ Equipment (NSLPE) Assistance Grants, within the Indiana Department of Education (IDOE).

I

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act (ARRA). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.²

¹ 42 USC 1751: The National School Lunch Act created the NSLP to provide low cost or free school lunch meals to qualified students through subsidies to schools.

² Indiana is expected to receive \$4.3 billion in ARRA funds and perhaps more in competitive grant funds. It is the experience of the Office of the Inspector General (OIG) and the State Board of Accounts (SBOA) that the expenditure of government funds may invite fraud and waste. The Office of the Inspector General's (OIG's) enabling statute states that the OIG "is responsible for

The purpose of this report is to reflect an initial evaluation of ARRA compliance by the NSLPE program.

II

In 2009, NSLPE has been provided \$1,937,595 in ARRA funds. These funds are to be obligated by September 30, 2009, and the school food authorities must purchase the equipment by October 10, 2009. The funds will be used to purchase NSLP equipment to improve the quality of school food service meals, food safety and sanitation, and energy efficiency.

III

A

Findings

From our initial review, we find that, except for the issue discussed below, the program controls outlined in the NSLPE spending plan or other related

addressing fraud, waste, abuse and wrongdoing in agencies.” IC 4-2-7-2(b). The OIG is also mandated to “recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government.” IC 4-2-7-3(2). These duties include the authority to “initiate, supervise and coordinate” investigations, IC 4-2-7-3(1), to perform audits, IC 4-2-7-2(a), and to “prepare interpretive and educational materials and programs.” IC 4-2-7-3(16). Immediately upon the OIG’s creation in 2005, the SBOA provided assistance to the OIG. Many of the two agencies’ missions are similar. In addition to the above OIG duties, the SBOA is charged to develop and publish “accounting and uniform compliance guidelines manuals” (“Manuals”) to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or “any law”. IC 5-11-5-1(a). Both the SBOA and OIG also review compliance with the Circulars issued by the State Budget Agency issued under the authority of IC 4-12-1-13(h). Following the above authorities and precedent, both the OIG and SBOA have and continue to confer, research and seek education regarding ARRA. Substantial guidance has been provided by the Indiana Office of Management and Budget (OMB).

documentation are adequate to meet the respective federal ARRA and OMB guidelines and requirements.

We did find that ARRA program revenues were initially posted using an incorrect object code than the one designated by the State Budget Agency. This did not result in a financial loss of ARRA funds, but is a requirement established to properly administer and account for ARRA funds.

A potential deficiency existed in the area of cash management. IDOE's method of disbursing federal funds in advance of sub-recipient expenditures may not minimize the time the funds are held by the school food authorities in compliance with 34 CFR sections 80.21 and 80.41.

B

Recommendation

Accordingly, it is recommended that any future revenues be made through the fund/center designated by the State Budget Agency and that IDOE employees administering NSLPE grants continue to apprise themselves of ARRA requirements and developments.

At a later date we will perform additional procedures as deemed necessary to verify compliance requirements.

Dated this 24th day of November, 2009.



David O. Thomas, Inspector General