

**School District of Philadelphia
Pennsylvania**

**Schedule of
Financial Assistance**



Fiscal Year Ended June 30, 2014

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**School District of Philadelphia
Pennsylvania**

**Schedule of
Financial Assistance**

Fiscal Year Ended June 30, 2014

Prepared By:

Office of General Accounting

**SCHOOL DISTRICT OF PHILADELPHIA
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SCHOOL DISTRICT OF PHILADELPHIA
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Section I.

Introductory

Section

THE SCHOOL DISTRICT OF PHILADELPHIA

440 N. BROAD STREET, SUITE 301
PHILADELPHIA, PENNSYLVANIA 19130

EXECUTIVE OFFICES

TELEPHONE (215) 400-4100
FAX (215) 400-4104

March 31, 2015

School Reform Commission
School District of Philadelphia
440 North Broad Street, Suite 101
Philadelphia, PA 19130

Re: Schedule of Financial Assistance and Schedule of Expenditures of Federal Awards

Dear Members of the School Reform Commission:

The Schedule of Financial Assistance (“SFA”) of The School District of Philadelphia (“School District”) for the fiscal year ended June 30, 2014, which includes the Schedule of Expenditures of Federal Awards (“SEFA”), is submitted herewith. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the Federal financial activity of the School District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the School District’s financial assistance have been included.

THE FEDERAL SINGLE AUDIT REQUIREMENT

The United States Congress enacted the Single Audit Act Amendments of 1996 (the “Act”), and the President signed the Act into law on July 5, 1996. The Office of Management and Budget (“OMB”) issued Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, in accordance with the Act, to clarify and establish audit requirements for States, Local Governments and Non-Profit Organizations. The School District is required by the Act to have an annual audit performed on its entire operations, including a separate reporting on its federal financial activity or otherwise the SEFA.

The School District’s Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended June 30, 2014, presents the entire operations of the School District. The CAFR was issued under separate cover on February 13, 2015. The SFA is issued in conjunction with the CAFR in order to comply with the reporting provisions of the Act. The report of the independent auditor on the SEFA, dated March 31, 2015, is reported in conjunction with the Independent Auditor’s Reports on Compliance for Each Major Program, on Internal Control over Compliance, and on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133. The financial presentations in each report are derived from the same financial activity in the School District’s various funds.

Copies of the reporting package (CAFR and SFA) and Data Collection Form must be forwarded to the Federal Audit Clearinghouse or otherwise the U.S. Bureau of the Census. In addition, a reporting package must be issued to each federal agency providing direct funding and affected by an audit finding on the Schedule of Findings and Questioned Costs or the Summary Schedule of Prior Year Findings, and to required state or other governments. The report must be forwarded within the earlier of 30 days after

receipt of the auditor's report(s), or nine months after our fiscal year end of June 30, 2014, unless extended. In accordance with the Act, the SFA will be made available for public inspection.

The Schedule of Expenditures of Federal Awards of the School District of Philadelphia is presented in Section II of the SFA.

STATE OF PENNSYLVANIA SINGLE AUDIT REQUIREMENT

On November 1, 2000, the DPW issued the Single Audit Supplement as an aid to local government entities and their independent auditors in the specific auditing and performance of the Single Audit. This supplement provides program specific auditing and reporting requirements which are applied in conjunction with the Single Audit Act's required standards and guidelines for programs funded through the DPW.

COGNIZANT AGENCY

The OMB, in accordance with the Act, assigned the U.S. Department of Health and Human Services, National External Audit Review Center as the Cognizant Agency for the School District.

INDEPENDENT AUDITOR

The Philadelphia Home Rule Charter establishes the City Controller, a separately elected official, as the independent auditor of The School District of Philadelphia. Our Cognizant Agency has recognized the independence of the City Controller and the Single Audit was conducted through his appointed Certified Public Accountant in charge of auditing, in accordance with the provisions of The Philadelphia Home Rule Charter.

AUDITOR REPORTS

The Single Audit Act, in conjunction with the American Institute of Certified Public Accountants, requires that the auditor issue four reports in connection with its examination of the SEFA: The Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; and the Reports on Compliance for Each Major Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133. These federal and state requirements have been met and the reports are included herein.

PLAN FOR CORRECTIVE ACTION

The Act requires that the School District submit its plan for corrective action to address each audit finding included in the current year auditor's reports. The School District's Plan for Corrective Action is included in the 'Grantee's Response' section following each finding.

ACKNOWLEDGEMENTS

The preparation of this report was made possible by the dedicated service of the entire staff of the Chief Financial Officer, especially the Office of General Accounting and the Office of Grants Development and Compliance. We express our sincere appreciation to all the members of these departments who assisted in and contributed to the preparation of this report. We also thank the Office of the City Controller for their cooperation and assistance.

Respectfully,



William R. Hite, Jr., Ed.D.
Chief Executive Officer and
Superintendent



Matthew E. Stanski
Chief Financial Officer

Section II.

Schedule of

Expenditures of

Federal Awards

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award \$	Federal Expenditures \$
		Federal	Other		
Supplemental Nutrition Assistance Program Cluster (SNAP)					
U.S. Department of Agriculture					
Passed - Through Programs: PA Department of Public Welfare		(Passed Through PENN STATE UNIVERSITY)			
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program					
Pennsylvania Nutrition Education Plan	10.561	4000008692	4290-SDP-COP-8692	2,961,999	0
Pennsylvania Nutrition Education Plan	10.561	4000008692	4290-SDP-COP-8692	3,180,449	522,517
Pennsylvania Nutrition Education Plan	10.561	4000008692	4290-SDP-COP-8692	3,003,746	2,077,514
Subtotal 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				9,146,194	2,600,031
Subtotal Passed - Through Programs: PA Department of Public Welfare				9,146,194	2,600,031
Passed - Through Programs: PA Department of Education					
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program					
ELECT	10.561	-	4100060967	284,945	0
ELECT	10.561	-	4100060967	286,227	286,227
Subtotal 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				571,172	286,227
Subtotal Passed - Through Programs: PA Department of Education				571,172	286,227
Total U.S. Department of Agriculture				9,717,366	2,886,258
Total Supplemental Nutrition Assistance Program Cluster (SNAP)				9,717,366	2,886,258

Child Nutrition Cluster

U.S. Department of Agriculture

Passed -Through Programs: PA Department of Education

10.553 School Breakfast Program

Breakfast - Cash Assistance	10.553	-	365/367/511	16,535,205	0
Breakfast - Cash Assistance	10.553	-	365/367/511	17,441,231	17,441,231

Subtotal 10.553 School Breakfast Program **33,976,436** **17,441,231**

10.555 National School Lunch Program: (See Note 7)

Lunch and Snack - Cash Assistance	10.555	F82024	359/362/510	44,124,419	0
Lunch and Snack - Cash Assistance	10.555	F82024	359/362/510	41,716,546	41,716,545
Non-Cash Assistance (Commodities)	10.555	-	-	3,833,629	2,000,757
Non-Cash Assistance (Commodities)	10.555	-	-	4,508,824	2,997,116
Program Income	10.555	-	-	725,627	725,627

Subtotal 10.555 National School Lunch Program **94,909,045** **47,440,045**

10.582 Fresh Fruit and Vegetable Program

Lunch and Snack	10.582	F82024	359/362/510	129,931	0
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**School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award	Federal Expenditures
		Federal	Other		
Lunch and Snack	10.582	F82024	359/362/510	\$ 268,398	\$ 268,398
Subtotal 10.582 Fresh Fruit and Vegetable Program				398,329	268,398
Subtotal Passed -Through Programs: PA Department of Education				129,283,810	65,149,674
Total U.S. Department of Agriculture				129,283,810	65,149,674
Total Child Nutrition Cluster				129,283,810	65,149,674

Title I Part A Cluster

U.S. Department of Education

Passed -Through Programs: PA Department of Education

84.010 Title I Grants to Local Educational Agencies

Part A - Basic	84.010	S010A120038A	013-12-0335	157,861,564	4,185,459
Part A - Basic	84.010	S010A130038A	013-13-0335	150,223,452	(909,493)
Part A - Basic	84.010	S010A130038A	013-14-0335	142,960,644	109,481,120
School Improvement - Set Aside	84.010	S010A090038A	042-12-0335	5,252,701	53,757
School Improvement - Set Aside	84.010	S010A090038A	042-13-0335	5,171,568	3,539,456
IU 25 Building Capacities	84.010	S010A110038	013-13-0626	66,764	52,240
Amount Available Under State Waiver	84.010	S020A07038A	013-08-0335	0	0

Subtotal 84.010 Title I Grants to Local Educational Agencies **461,536,693** **116,402,539**

Total U.S. Department of Education **461,536,693** **116,402,539**

Total Title I, Part A Cluster **461,536,693** **116,402,539**

Special Education Cluster

U.S. Department of Education

Passed -Through Programs: PA Department of Education

84.027 Special Education_Grants to States

IDEA-B	84.027	H027-A110093A	062-12-0026	43,140,897	20,438
IDEA-B	84.027	H027-A120093	062-13-0026	41,996,438	2,628,098
IDEA-B	84.027	H027-A130162	062-14-0026	39,219,104	36,372,502

Subtotal 84.027 Special Education_Grants to States **124,356,439** **39,021,038**

Subtotal Passed -Through Programs: PA Department of Education **124,356,439** **39,021,038**

Passed -Through Programs: PA Department of Education (PaTTAN)

84.027 Special Education_Grants to States

School Based Behavior Health	84.027		SBBH0812	45,000	0
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Subtotal 84.027 Special Education_Grants to States **45,000** **0**

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award	Federal Expenditures
		Federal	Other		
				\$	\$
Subtotal Passed -Through Programs: PA Department of Education (PaTTAN)				45,000	0
Passed -Through Programs: Elwyn					
84.173 Special Education_Preschool Grants					
Preschool Early Intervention	84.173 6-156-11-1-7200-000		131-12-0026	91,197	0
Preschool Early Intervention	84.173 6-156-13-1-7200-000		131-13-0026	74,351	74,351
Subtotal 84.173 Special Education_Preschool Grants				165,548	74,351
Subtotal Passed -Through Programs: Elwyn				165,548	74,351
Total U.S. Department of Education				124,566,987	39,095,389
Total Special Education Cluster				124,566,987	39,095,389
<u>Impact Aid Cluster</u>					
U.S. Department of Education					
84.041 Impact Aid					
Direct Programs					
Impact Area Aid	84.041 S041B-2012-4404		48-PA-2012-1012	181,152	181,152
Subtotal 84.041 Impact Aid				181,152	181,152
Total U.S. Department of Education				181,152	181,152
Total Impact Aid Cluster				181,152	181,152
<u>Education Technology State Grant Cluster</u>					
U.S. Department of Education					
Passed -Through Programs: PA Department of Education					
84.318 Educational Technology State Grants					
Education Technology	84.318		055-10-0626	1,688,785	0
Subtotal 84.318 Educational Technology State Grants				1,688,785	0
Subtotal Passed -Through Programs: PA Department of Education				1,688,785	0
Total U.S. Department of Education				1,688,785	0
Total Education Technology State Grant Cluster				1,688,785	0

School Improvement Grant Cluster

U.S. Department of Education

Passed -Through Programs: PA Department of Education

**School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award \$	Federal Expenditures \$
		Federal	Other		
84.388 School Improvement Grants, Recovery Act					
School Improvement Grant - ARRA	84.388		139-11-0335	13,153,153	1,575,646
School Improvement Grant - ARRA	84.388		139-11-2335	11,811,407	338,960
School Improvement Grant - ARRA	84.388		139-12-3335	11,969,809	1,326,659
School Improvement Grant - ARRA	84.388		139-11-9335	2,991,525	17,981
School Improvement Grant - ARRA	84.388		142-12-3335	161,446	29,354
Subtotal 84.388 School Improvement Grants, Recovery Act				40,087,340	3,288,600
84.377 School Improvement Grants					
School Improvement Grant	84.377		142-12-2335	2,428,358	315,067
School Improvement Grant	84.377		142-13-2335	2,537,423	730,858
Subtotal 84.377 School Improvement Grants				4,965,781	1,045,925
Subtotal Passed -Through Programs: PA Department of Education				45,053,121	4,334,525
Total U.S. Department of Education				45,053,121	4,334,525
Total School Improvement Grant Cluster				45,053,121	4,334,525
<u>TANF Cluster</u>					
U.S. Department of Health and Human Services					
Passed -Through Programs: PA Department of Public Welfare					
93.558 Temporary Assistance for Needy Families (TANF) State Programs (Passed Through PA Department of Education)					
ELECT	93.558	-	4100060967	2,143,869	0
ELECT	93.558	-	4100060967	2,184,333	2,184,333
ELECT Fatherhood Initiative	93.558	-	4100051644	278,541	215
ELECT Fatherhood Initiative	93.558	-	4100051644	272,552	272,552
Subtotal 93.558 Temporary Assistance for Needy Families (TANF) State Programs				4,879,295	2,457,100
Subtotal Passed -Through Programs: PA Department of Public Welfare				4,879,295	2,457,100
Total U.S. Department of Health and Human Services				4,879,295	2,457,100
Total TANF Cluster				4,879,295	2,457,100
<u>Head Start Cluster</u>					
U.S. Department of Health and Human Services					
Direct Programs					
93.600 Head Start					
Basic Grant	93.600	03CH0208/28		38,791,271	0
Basic Grant	93.600	03CH0208/29		36,768,390	36,768,390
Subtotal 93.600 Head Start				75,559,661	36,768,390
Subtotal Direct Programs				75,559,661	36,768,390

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award \$	Federal Expenditures \$
		Federal	Other		
Total U.S. Department of Health and Human Services				75,559,661	36,768,390
Total Head Start Cluster				75,559,661	36,768,390
<u>Medicaid Cluster</u>					
U.S. Department of Health and Human Services					
Passed -Through Programs: PA Department of Public Welfare					
93.778 Medical Assistance Program					
Health Related Transportation and Administr.	93.778	N/A	-	953,304	0
Health Related Transportation and Administr.	93.778	N/A	-	1,417,351	1,417,351
Subtotal 93.778 Medical Assistance Program				2,370,655	1,417,351
Subtotal Passed -Through Programs: PA Department of Public Welfare				2,370,655	1,417,351
Total U.S. Department of Health and Human Services				2,370,655	1,417,351
Total Medicaid Cluster				2,370,655	1,417,351
<u>Education of Homeless Children and Youth Cluster</u>					
U.S. Department of Education					
Passed -Through Programs: PA Department of Education					
84.196 Education for Homeless Children and Youth					
Homeless Children & Youth	84.196		081-12-0150	494,774	211,950
Homeless Children & Youth	84.196		081-13-0150	400,000	201,506
Subtotal 84.196 Education for Homeless Children and Youth				894,774	413,456
Subtotal Passed -Through Programs: PA Department of Education				894,774	413,456
Total U.S. Department of Education				894,774	413,456
Total Education of Homeless Children and Youth Cluster				894,774	413,456
<u>U.S. Department of Agriculture</u>					
Passed -Through Programs: PA Department of Education					
10.558 Child and Adult Care Food Program					
Twilight Feeding -Child and Adult Care Food Program	10.558	F92025	164	3,056,016	0
Twilight Feeding -Child and Adult Care Food Program	10.558	F92025	164	2,452,243	2,452,243
Child and Adult Care Food Program	10.558	F92025	164	3,605,386	0
Child and Adult Care Food Program	10.558	F92025	164	2,603,470	2,603,470
Subtotal 10.558 Child and Adult Care Food Program				11,717,115	5,055,713
10.579 Child Nutrition Discretionary Grants Limited Availability					

**School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award \$	Federal Expenditures \$
		Federal	Other		
ARRA Food Service Equipment	10.579	N/A	129-000157	408,158	0
Subtotal 10.579 Child Nutrition Discretionary Grants Limited Availability				408,158	0
10.575 Farm to School Grant Program					
Farm to School - Eat Fresh Here	10.575	CNF2SIMPL14PA01	-	95,500	12,301
Subtotal 10.575 Farm to School Grant Program				95,500	12,301
Subtotal Passed -Through Programs: PA Department of Education				12,220,773	5,068,014
Total U.S. Department of Agriculture				12,220,773	5,068,014

U.S. Department of Defense

12.002 Procurement Technical Assistance For Business Firms					
JROTC Programs	12.002	20USC83475	-	1,294,056	0
JROTC Programs	12.002	20USC83475	-	983,214	983,214
Subtotal 12.002 Procurement Technical Assistance For Business Firms				2,277,270	983,214
12.901 Mathematical Sciences Grants Program					
Startalk - Standard Arabic	12.901	H98230-10-1-0106	-	98,505	0
Startalk - Mandarin Chinese	12.901	H98230-10-1-0107	-	87,230	0
Subtotal 12.901 Mathematical Sciences Grants Program				185,735	0
Subtotal Direct Programs				2,463,005	983,214
Total U.S. Department of Defense				2,463,005	983,214

U.S. Department of Justice

Passed -Through Programs: City of Philadelphia					
16.523 Juvenile Accountability Block Grants					
Juvenile Accountability Incentive Block Grant 16.523	2007-JB-11-18831		-	124,692	0
Subtotal 16.523 Juvenile Accountability Block Grants				124,692	0
Subtotal Passed -Through Programs: City of Philadelphia				124,692	0
Total U.S. Department of Justice				124,692	0

U.S. Department of Labor

Direct Programs					
17.261 WIA Pilots, Demonstrations, and Research Projects					
Project U Turn Expansion	17.261	YF163480760A-42	-	5,860,000	0

**School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award	Federal Expenditures
		Federal	Other		
				\$	\$
DOL Fitzsimons MEES	17.261	YF175106I	-	545,955	0
DOL Bartram MEES	17.261	YF175116R1	-	414,399	346,685
DOL Overbrook MEES	17.261	YF175156R1	-	55,267	55,267
DOL Olney West MEES	17.261	YF201531060A42	-	6,270,000	0
DOL Edison MEES	17.261	YF201541060A42	-	6,270,000	649,846
DOL Fels MEES	17.261	YF201551060A42	-	6,270,000	242,877
DOL Frankford MEES	17.261	YF201561060A42	-	6,270,000	779,297
Subtotal 17.261 WIA Pilots, Demonstrations, and Research Projects				31,955,621	2,073,972
17.270 Reintegration of Ex-Offenders					
DOL Philadelphia MEES	17.270	YF175136V1	-	2,312,891	577,332
DOL University MEES	17.270	YF17516CV1	-	2,312,891	391,575
DOL Bartram MEES	17.270	YF17511CV1	-	2,312,891	0
DOL Overbrook MEES	17.270	YF17515CV1	-	2,309,891	480,414
DOL Germantown MEES	17.270	YF175126R1	-	2,312,891	360,048
DOL Lincoln MEES	17.270	YF17514CV1	-	2,312,891	266,703
Subtotal 17.270 Reintegration of Ex-Offenders				13,874,346	2,076,072
Subtotal Direct Programs				45,829,967	4,150,044
Total U.S. Department of Labor				45,829,967	4,150,044
<u>U.S. Department of Transportation</u>					
20.205 Highway Planning and Construction					
US DOT PENNDOT Job Training	20.205	MOA-360618		69,518	49,318
Subtotal 20.205 Highway Planning and Construction				69,518	49,318
20.215 Highway Training and Education					
G.A.Morgan Tech and Transport.Ed Program	20.215		DTFH611G00004	100,000	0
G.A.Morgan Tech and Transport.Ed Program	20.215		DTFH61-12-G00024	100,000	71,029
Subtotal 20.215 Highway Training and Education				200,000	71,029
Total U.S. Department of Transportation				269,518	120,347
<u>Environmental Protection Agency</u>					
66.036 Clean School Bus USA					
Philadelphia Clean Bus 2008	66.036	SB973608010	-	253,492	0
Subtotal 66.036 Clean School Bus USA				253,492	0
Total Environmental Protection Agency				253,492	0
<u>U.S. Department of Education</u>					
Direct Programs					
84.165 Magnet Schools Assistance					

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal	Grantor Contract		Total Grant Award	Federal Expenditures
	CFDA Number	Federal	Number Other		
Magnet Schools Assistance Programs	84.165	U165A070081	-	\$ 1,320,896	\$ 0
Subtotal 84.165 Magnet Schools Assistance				1,320,896	0
84.215 Fund for the Improvement of Education					
Teaching American History "E"	84.215	U215X100447	-	324,493	0
Teaching American History "E"	84.215	U215X100447	-	326,275	0
Teaching American History "E"	84.215	U215X100447	-	257,349	0
Teaching American History "E"	84.215	U215X100447	-	58,589	58,589
Project Accelerate	84.215	Q215E080427	-	396,925	0
Project Accelerate	84.215	Q215E080427	-	370,909	0
Project Accelerate	84.215	Q215E080427	-	354,473	0
Small Learning Communities	84.215	S215L080625	-	2,645,329	0
Small Learning Communities	84.215	S215L080625	-	1,931,404	0
Small Learning Communities	84.215	S215L080625	-	1,950,748	0
Small Learning Communities	84.215	S215L080625	-	1,796,366	10,167
Small Learning Communities	84.215	S215L080625	-	1,272,412	34,177
Small Learning Communities	84.215	S215L100048	-	1,499,760	10,604
Small Learning Communities	84.215	S215L100048	-	563,925	(118)
Small Learning Communities	84.215	S215L100048	-	1,266,236	100,024
Small Learning Communities	84.215	S215L100048	-	910,350	892,221
Subtotal 84.215 Fund for the Improvement of Education				15,925,543	1,105,664
84.334 Gaining Early Awareness and Readiness for Undergraduate Programs					
GEAR UP Partnership	84.334	P344A090131	-	3,814,400	0
GEAR UP Partnership	84.334	P344A090131	-	3,814,400	174,371
GEAR UP Partnership	84.334	P344A090131	-	3,814,400	699,438
GEAR UP Partnership	84.334	P344A090131	-	3,814,400	264,036
GEAR UP Partnership	84.334	P344A090131-13	-	3,814,400	2,381,567
Subtotal 84.334 Gaining Early Awareness and Readiness for Undergraduate Programs				19,072,000	3,519,412
84.363 School Leadership					
School Leadership Program	84.363	U363A0800883	-	595,031	127,884
Subtotal 84.363 School Leadership				595,031	127,884
Subtotal Direct Programs				36,913,470	4,752,960
Passed -Through Programs: PA State System of Higher Education					
84.334 Gaining Early Awareness and Readiness for Undergraduate Programs					
Gear Up Support	84.334		SP #4000007370	1,901,618	640,552
Gear Up Support	84.334		SP #4000007370	856,133	560,772
Subtotal 84.334 Gaining Early Awareness and Readiness for Undergraduate Programs				2,757,751	1,201,324
Subtotal Passed -Through Programs: PA State System of Higher Education				2,757,751	1,201,324
Passed -Through Programs: University of Wisconsin System					
84.411 Investing in Innovation (i3) Fund					

**School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award	Federal Expenditures
		Federal	Other		
				\$	\$
i3 Fast	84.411	U411B120009	440K263	85,847	57,505
i3 Fast	84.411	U411B120009	440K263	166,494	165,274
Subtotal 84.411 Investing in Innovation (i3) Fund				252,341	222,779
Subtotal Passed -Through Programs: University of Wisconsin System				252,341	222,779
Passed -Through Programs: PA Department of Education					
84.013 Title I State Agency Program for Neglected and Delinquent Children					
Neglected and Delinquent Children	84.013	S010A100038A	107-13-0335	821,698	379,310
Neglected and Delinquent Children	84.013	S010A100038A	107-14-0335	759,837	613,596
Subtotal 84.013 Title I State Agency Program for Neglected and Delinquent Children				1,581,535	992,906
84.048 Career and Technical Education - Basic Grants to States					
Secondary Allocation	84.048	V048A120038	380-13-3058	5,705,705	84,741
Secondary Allocation	84.048	V048A120038	380-14-4052	5,509,629	5,053,813
Subtotal 84.048 Career and Technical Education - Basic Grants to States				11,215,334	5,138,554
84.186 Safe and Drug-Free Schools and Communities_State Grants					
Non Public Drug Free	84.186	S186A060039	100-08-0626	465,115	0
Non Public Drug Free	84.186	S186A060039	100-09-0626	381,543	0
Subtotal 84.186 Safe and Drug-Free Schools and Communities_State Grants				846,658	0
84.287 Twenty - First Century Community Learning Centers					
21st Century Community	84.287	-	FC4100052190	500,000	0
Subtotal 84.287 Twenty - First Century Community Learning Centers				500,000	0
84.365 English Language Acquisition State Grants					
Title III Language LEP	84.365		010-13-0335	3,351,633	2,462,439
Title III Language LEP	84.365		010-14-0335	3,307,816	1,109,252
Subtotal 84.365 English Language Acquisition State Grants				6,659,449	3,571,691
84.366 Mathematics and Science Partnerships					
PDE/MSP Title II Part B Math and Science	84.366	RA-075-09-0335	075-09-0335	960,599	0
PDE/MSP Title II Part B Math and Science	84.366		075-12-0335	507,457	119,140
PDE/MSP Title II Part B Math and Science	84.366		075-13-0335	394,000	234,756
Subtotal 84.366 Mathematics and Science Partnerships				1,862,056	353,896
84.367 Improving Teacher Quality State Grants					
Improving Teacher Quality (Non-Public)	84.367	-	020-06-0626	565,551	0
Improving Teacher Quality (Non-Public)	84.367	-	020-07-0626	584,351	0
Improving Teacher Quality (Non-Public)	84.367	-	020-09-0626	565,551	0
Improving Teacher Quality (Non-Public)	84.367	-	020-10-0626	565,551	0

The accompanying notes form an integral part of this schedule.

School District of Philadelphia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor Contract Number		Total Grant Award	Federal Expenditures
		Federal	Other		
				\$	\$
Improving Teacher Quality (Non-Public)	84.367	-	020-12-0626	565,551	121,240
Improving Teacher Quality (Non-Public)	84.367	-	020-13-0626	565,551	219,982
Improving Teacher Quality (Class Size Redu	84.367	S367A110051	020-13-0335	18,185,294	632,292
Improving Teacher Quality (Class Size Redu	84.367	S367A110051	020-14-0335	17,516,662	12,470,054
IU 25 Building Capacities	84.367	S367A110051	020-13-0626	12,544	12,544
Subtotal 84.367 Improving Teacher Quality State Grants				39,126,606	13,456,112
84.413 Race to the Top - State					
Race to the Top	84.413	FC4100061880	-	1,710,339	544,342
Race to the Top	84.413	FC4100061880	-	9,401,789	1,503,527
Subtotal 84.413 Race to the Top - State				11,112,128	2,047,869
Subtotal Passed -Through Programs: PA Department of Education				72,903,766	25,561,028
Total U.S. Department of Education				112,827,328	31,738,091
Department of Health and Human Services					
Direct Programs					
93.938 Cooperative Agreements to Support Comprehensive School Health Programs					
Project ARREST	93.938	5U87DP001242	-	290,222	49,136
Project ARREST	93.938	1U63PS00415201	-	225,000	127,904
Youth Risk Behavior	93.938	5U87DP001242	-	53,092	9,403
Youth Risk Behavior	93.938	1U63PS004152	-	49,425	31,712
Subtotal 93.938 Cooperative Agreements to Support Comprehensive School Health Programs				617,739	218,155
93.267 State Grants for Protection and Advocacy Services					
Family Planning Council	93.297		TNW1376	6,963	144
Family Planning Council	93.297		TNW1402	16,300	14,239
Subtotal 93.267 State Grants for Protection and Advocacy Services				23,263	14,383
Subtotal Direct Programs				641,002	232,538
Total Department of Health and Human Services				641,002	232,538
Department of Homeland Security					
97.036 Disaster Grants - Public Assistance					
Disaster Grants - Public Assistance	97.036		Hurricane Irene	338,483	324,926
Subtotal 97.036 Disaster Grants - Public Assistance				338,483	324,926
Total Department of Homeland Security				338,483	324,926
GRAND TOTAL				1,030,700,557	311,723,007

**SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

CONTENTS

<u>Note</u>		<u>Page</u>
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6	Schedule of Expenditures of Federal Awards	14
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**SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. GOVERNMENT OF THE SCHOOL DISTRICT

The School District of Philadelphia (the “School District”) is a separate and independent home rule school district of the first class established by the Education Supplement to the Philadelphia Home Rule Charter (the “Charter”) in December 1965. It is the largest school district in the Commonwealth of Pennsylvania (the “Commonwealth”), serving over 202,990 students. The School District is the eighth largest in the United States in enrollment and employs more than 17,300 full-time professional and non-professional persons. The boundaries of the School District are coterminous with the boundaries of the City of Philadelphia (the “City”).

The School District is a political subdivision of the Commonwealth created to assist in the administration of the General Assembly’s duties under the Constitution of the Commonwealth to “provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth”. Although the School District is an independent legal entity, it is considered to be a component unit of the City of Philadelphia for reporting purposes and is included in the City’s Comprehensive Annual Financial Report.

Effective December 2001 and in a cooperative effort with the City of Philadelphia to address the School District’s financial needs, the Commonwealth of Pennsylvania assumed governing control of the School District by declaring it financially distressed in accordance with Sections 691 and 696 of the Public School Code of 1949.

Shortly thereafter, a five-member School Reform Commission (the “SRC”) was established. Three members, including the Chairman, are appointed by the Governor of Pennsylvania while the Mayor of Philadelphia appoints the remaining two members. The SRC exercises all powers and has all the responsibilities and duties of the original Board, along with additional powers. As prescribed, the SRC is now responsible for the overall operation, management, and educational programs of the School District, including all budgetary and financial matters. The duties of the SRC generally include, but are not limited to, the formulation of educational policy, the adoption of an annual budget, the development of a comprehensive capital improvement budget and program, and the incurrence of indebtedness. The Superintendent of Schools reports to the SRC. The Superintendent of Schools for the Fiscal Year 2014 and most of the Fiscal Year 2013 reporting period was Dr. William R. Hite, Jr., replacing Mr. Thomas E. Knudsen in his Acting Superintendent role on September 17, 2012. Mr. Knudsen remained on as Chief Recovery Officer and Chief Financial Officer until November 28, 2012 when Matthew E. Stanski was appointed Chief Financial Officer. The Board of Education continues in office, performing only the duties assigned, if any, by the SRC. At the time of this report, the SRC has not delegated any duties to the Board of Education.

The School District also serves as the agent for the Intermediate Unit No. 26, an entity established by the Commonwealth to provide special education, special education transportation, non-public school services and related management services.

**SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

2. ORGANIZATION AND SCOPE

For the fiscal year ended June 30, 2014 the School District of Philadelphia is presenting a Single Audit Report on expenditures of federal awards. This report is issued in accordance with the Single Audit Act Amendments of 1996 (P.L. No. 104-156). This Act requires that a single audit be performed on an organization-wide basis rather than a grant program basis. The U.S. Department of Health and Human Services, National External Audit Review Center has been designated the organization-wide cognizant agency for the School District of Philadelphia's single audit.

3. MAJOR PROGRAMS

Major federal programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

4. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the School District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Federal Highway Administration	20.205	\$34,142
Highway Training and Education	20.215	\$65,898
Title I Grants to Local Agencies	84.010	\$106,831
WIA Pilots, Demonstrations, and Research Projects	17.261/17.270	\$ 2,812,491
Special Education _ Grants to States	84.027	\$11,084,676
Head Start	93.600	\$17,955,805
Race to the Top	84.413	<u>\$3,431</u>
Total Amount Provided to Subrecipients		<u>\$ 32,063,274</u>

**SCHOOL DISTRICT OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**5. SCHEDULE OF PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE
EXPENDITURES**

<u>CFDA No.</u>	<u>Program Description</u>	<u>Federal Expenditures</u>
	<u>Medical Assistance Program</u>	
93.778	Medical Assistance Program passed through DPW	<u>\$ 1,417,351</u>
	Total DPW Expenditures	<u>\$ 1,417,351</u>

6. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Information contained in the Schedule of Expenditures of Federal Awards (SEFA) is derived from the School District's accounting systems. For reporting purposes, the School District adheres to the significant accounting policies which are in conformance with generally accepted accounting principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board. Program expenditures recorded in the SEFA are presented on the modified accrual basis of accounting.

**7. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CFDA #10.555 –
NATIONAL SCHOOL LUNCH PROGRAM**

Information contained in the Schedule of Expenditures of Federal Awards (SEFA) for CFDA #10.555 – National School Lunch Program – includes Non-Cash Assistance pertaining to food commodities distributed by the United States Department of Agriculture (USDA). For fiscal years beginning July 1, 2008, commodities are identified with the programs under which USDA donated the commodities. Prior to this period, commodities were presented under a separate CFDA number (#10.550), which has been deleted by the USDA.

Section III.

Independent Auditor's Reports on Compliance and Internal Control



CITY OF PHILADELPHIA

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ALAN BUTKOVITZ
City Controller

GERALD V. MICCIULLA
Deputy City Controller

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Chair and Members of
The School Reform Commission of the
School District of Philadelphia

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Philadelphia, Pennsylvania (School District), a component unit of the City of Philadelphia, Pennsylvania, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

CITY OF PHILADELPHIA
OFFICE OF THE CONTROLLER

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

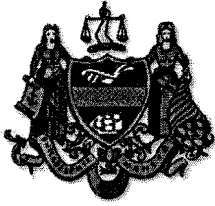
We noted certain conditions that are not required to be reported under *Government Auditing Standards*, but nonetheless represent deficiencies in internal control that should be addressed by management. These other conditions were reported to management of the School District of Philadelphia in a separate letter dated February 13, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



GERALD V. MICCIULLA, CPA
Deputy City Controller
Philadelphia, Pennsylvania
February 13, 2015



CITY OF PHILADELPHIA

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**INDEPENDENT AUDITOR'S REPORTS
ON COMPLIANCE FOR EACH MAJOR PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE,
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

To the Chair and Members of the
School Reform Commission of the
School District of Philadelphia

Report on Compliance for Each Major Federal Program

We have audited the School District of Philadelphia, Pennsylvania's (School District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2014. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we

plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

The School District's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. However, we have included our comments to the School District's responses that we believe do not adequately address our findings and recommendations.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material


weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District, a component unit of the City of Philadelphia, Pennsylvania, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the School District's basic financial statements. We issued our report thereon dated February 13, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



GERALD V. MICCIULLA, CPA
Deputy City Controller
Philadelphia, Pennsylvania
March 31, 2015

Section IV.

Schedule of Findings

and

Questioned Costs

SCHOOL DISTRICT OF PHILADELPHIA
Schedule of Findings and Questioned Costs – June 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ____ yes X no
Significant deficiency(ies) identified? ____ yes X none reported

Noncompliance material to financial statements noted? ____ yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? ____ yes X no
Significant deficiency(ies) identified? ____ yes X none reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) of OMB Circular A-133? X yes ____ no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.027	Special Education – Grants to States (IDEA-B)
84.173	Special Education – Preschool Grants
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs - DIRECT
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs - INDIRECT

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? ____ yes X no

SCHOOL DISTRICT OF PHILADELPHIA
Schedule of Findings and Questioned Costs – June 30, 2014

<u>Finding No.</u>		<u>Page</u>	<u>Questioned Costs</u>
<u>Section II – Financial Audit Findings</u>			
None			
<u>Schedule III - Federal and Pennsylvania Department of Public Welfare Findings and Questioned Costs</u>			
2014-001	Allowable Costs / Cost Principles Title 1 Grants to Local Educational Agencies – CFDA #84.010	3	\$125,171
2014-002	Cash Management Title 1 Grants to Local Educational Agencies – CFDA #84.010 Special Education – Grants to States (IDEA-B) – CFDA #84.027	5	

2014-001. ALLOWABLE COSTS / COST PRINCIPLES

Title 1 Grants to Local Educational Agencies – CFDA #84.010

Condition Our review of costs associated with teachers funded under Title I disclosed one teacher routinely falsifying her daily timesheet records. We observed the Title I non-public Instructional Support (IS) teacher recording hours for which she was not present on a Daily Attendance Register for a private elementary school. We noted this condition during visits made to the school. In addition, we noted that this teacher was frequently late for class, and maintained her daily time sheet in her office rather than in the school’s main office as required by School District procedures.

Follow-up of this condition in the fall of 2014 disclosed that the teacher had been reassigned to a parochial high school, where much of the teacher’s behavior pattern remained unchanged. On the day of our unannounced visit to the school, the teacher was an hour late, which resulted in the classroom being unattended for fifteen minutes. Additional discussions with a student at the school disclosed that tutoring time assigned with the teacher was often spent unsupervised.

Because of the above conditions, we consider records of the teacher’s attendance to be unreliable and deem the individual’s entire salary for fiscal year 2014 to be invalid and not eligible as a grant expenditure. Funding for the Title I program is received through the Pennsylvania Department of Education.

Criteria Employees of the School District, including those whose salaries are charged to federal grants, are required to accurately document their working hours on Daily Attendance Registers. These Daily Attendance Registers serve as support for expenditures made by the School District and it is essential they be recorded accurately. Federal regulations at 34 CFR 80.20 (a) (6) state that accounting records must be supported by such source documentation such as “time and attendance” records.

Cause Procedures requiring Daily Attendance Registers to be kept in the main offices of the schools were not adequately enforced. Consequently, the recording of teacher arrival and departure times was not visible to the administrative staff of the two schools.

Effect Eligible students did not receive benefits of Title I services. Moreover, the teacher’s entire salary and fringe benefits of \$125,171 for fiscal year 2014 are deemed questioned costs.

SCHOOL DISTRICT OF PHILADELPHIA

Federal and PA. Department of Public Welfare Findings and Questioned Costs – June 30, 2014

Recommendation School District management should take immediate corrective action. Principals at Title I non-public schools should be reminded that Daily Attendance Registers must be kept in the main office where teacher arrival and departure times will be subject to observation by the administrative office staff. In addition, any District teacher whose whereabouts during the school day becomes questionable should not be allowed to participate as a Title I non-public Teacher.

Grantee's Response Immediately upon notification of this particular employee's situation, the District took the appropriate steps allowable per the Philadelphia Federation of Teacher (PFT) contract. As part of these steps, an investigatory meeting was held in October 2014, and a subsequent Unsatisfactory Incident Report was filed to become part of the employee's permanent record. The employee was subsequently diagnosed with a medical condition. Regardless, the employee was instructed to maintain her School District sign in sheets accurately in the school's office. Based upon the additional evidence provided by the City Controller's Office and observations from the current Principal, the District is pursuing additional progressive discipline measures allowable per the PFT contract.

In the 2015-16 school year, the SDP is moving towards a dual service delivery model regarding Title I services. A substantial portion of the service will be provided by external contractors, whereas a much smaller portion of the service compared to prior years will be performed by District teachers. Regardless of the personnel / entity performing the service, all non-public school principals will be periodically questioned regarding personnel attendance, and a system of periodic, unannounced school visits will be implemented. The SDP does not accept this type of behavior by any employees paid out of Title I funds, whether it is at a District school or a non-public school.

2014- 002. CASH MANAGEMENT

**Title I Grants to Local Educational Agencies – CFDA #84.010
Special Education – Grants to States (IDEA-B) – CFDA #84.027**

<u>Condition</u>	<p>The School District did not properly calculate or remit interest earned on advances received from the Pennsylvania Department of Education (PDE). Management informed us that the grantor had remitted funds to the School District at its discretion, and not based on requests for reimbursements. This method of remitting grant funds resulted in various programs being pre-funded, and in our opinion, constituted advances to the District in fiscal year 2014. Further, the computation of the available cash balances for investment netted individual month end programs' balances and relied on the use of expenditures, rather than actual cash disbursements. That is, advances are defined by net balances recorded in the School District accounting records, and not based on actual cash balances available for investment. Based on our interpretation of the regulations, the District did not remit interest earned on advances received from the PDE.</p>
<u>Criteria</u>	<p>Federal regulations at 34 CFR 80.21(i) require that grantees and subgrantees promptly, but at least quarterly, remit interest earned on advances. We believe the definition of advances encompasses the retention of funds received from individual grantors and invested to generate interest income for the School District.</p>
<u>Cause</u>	<p>School District management disagrees with the definition of advances set forth in the criteria above. We reviewed the School District's actual calculations of advances available for investment under a new policy established on October 28, 2013. Our review of the actual calculation demonstrated that not all programs were included in the computation, and that individual programs' positive book cash balances were offset against negative book cash balances when computing the month end book cash balances available for investment. That is, it establishes advance amounts by combining and offsetting federal programs rather than on an individual program basis. Further, the School District based the computation of investable cash balances from federal awards on the use of monthly expenditures rather than actual daily cash receipts and disbursements. Management's interpretation of advances and its calculation methodology indicated \$7,152 in interest income was earned although as yet, no interest payments have been made.</p>

SCHOOL DISTRICT OF PHILADELPHIA

Federal and PA. Department of Public Welfare Findings and Questioned Costs – June 30, 2014

Effect The School District earned and improperly retained interest on cash balances during fiscal 2014 in violation of federal cash management regulations.

Recommendation We believe that the School District should properly calculate and remit interest earned on advances to the grantor agency on a quarterly basis, as required by federal regulations.

Grantee's Response The School District of Philadelphia (SDP) has reviewed the federal rules regarding interest earned requirements and calculations and has implemented policies and procedures consistent with OMB Circular A-87.

Based on three sources, including the Los Angeles Unified School District's Procedures for Calculating and Remitting Interest Earned on Federal Cash Advances OIG Audit Report (A09H0019) issued December 2008, the US Department of Education's Office of the Chief Financial Officer Program Determination Letter to the California Department of Education issued July 21, 2014 and the Omni Circular 200.305(b)(7)(i), federal programs do not require LEAs to calculate or return interest earned on Federal cash balances on a grant-by-grant basis. The exact quote from the PDL is "There is no regulatory or ED requirement that requires states or LEAs to return interest earned on Federal funds on a program-by-program or grant-by-grant basis. Under the subfund concept, COE reports could contain information LEAs need to determine and remit the actual interest earned on all Federal cash advances."

Furthermore, according to the Omni Circular 200.305(b)(9), interest earned on federal advance payments must be remitted annually, not quarterly.

SDP calculates cash balances per program and in total for advanced indirect federal grants by using monthly expenditures and monthly cash receipts on which to calculate the interest due. Negative cash balances at the end of each period are reset to zero to ensure non federal funds do not offset federal interest earnings due to the temporary use of these resources. The most recent update to the SDP policy was in October 2013 to change from using obligations to expenditures. This change was based upon previous recommendations from our auditors as well as the auditor's calculation used in prior audit findings as recently as Fiscal Year 2013.

SCHOOL DISTRICT OF PHILADELPHIA

Federal and PA. Department of Public Welfare Findings and Questioned Costs – June 30, 2014

In further support of using expenditures, the SDP received a response from the US Department of Education, Office of the Chief Financial Officer, in response to a 90 Day Letter dated June 5, 2013 pursuant to 34 CFR 81.33 asking for clarification of the calculation of interest earned on federal funds. According to the USDE response, it indicates that interest must be calculated “between the transfer of funds and *disbursement* by the grantee or subgrantee.” EDGAR does not define disbursement. However, the Cash Management Improvement Act (CMIA), which governs cash management between the federal government and states, defines “disburse” as: “to issue a check or initiate an electronic funds transfer payment”. See 31 CFR 205.2. Philadelphia’s current methodology calculates interest through disbursement consistent with this definition. Likewise, this is the methodology used by districts in California and approved by US Department of Education.

The SDP has calculated the interest earned for all advanced indirect federal funds using SDP’s aforementioned October 2013 updated methodology and on April 8, 2015 remitted payment covering the time periods 7/1/08 through 6/30/14 in the amount of \$722,364.80.

Auditor’s
Comments
on Grantee’s
Response

In its response, we believe the School District has taken several sources out of context and interpreted the definition of disbursement inaccurately.

Section V.

Summary Schedule of

Prior Audit Findings

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2014**

2013-001: ALLOWABLE COSTS / COST PRINCIPLES

CFDA # 17.261 Status: **Unresolved** Questioned Costs: \$187,211
CFDA # 17.270 Status: **Unresolved** Questioned Costs: \$91,785
Resolution Agency: U.S. Department of Labor
Condition:

The School District used federal funds to pay \$278,996 in salaries and benefits not documented in accordance with federal regulations. For four of thirty-six employees tested, the School could not provide periodic time and effort certifications. Those certifications are required from employees or supervisory personnel on a semi-annual basis. Funding for the WIA Pilots, Demonstrations, and Research Projects, and the Reintegration of Ex-Offenders programs is received from the U.S. Department of Labor.

Grantee's
Response

The School District agrees with this finding. FY13 was the first full year of the implementation of policies and procedures pursuant to a Grant Corrective Action Plan agreed to between the SDP, PDE and ED. As such, there was heightened scrutiny on the documentation requirements from all parties, including the program personnel that operated the Department of Labor (DOL) WIA program. Therefore, the documentation was produced and verified contemporaneously. However, due to frequent turnover in direct DOL grant management staff and higher level supervisors, the custody of documentation, while improved from past practices, was not to the standard expected.

In FY14, to strengthen the control and custody of documentation District-wide, the Office of Grant Development and Compliance began the real time review for presence and subsequent collection and scanning into an archived database all time and effort documentation and related materials typically requested during an audit. This is a vast improvement to meeting School District obligations to assure Federal dollars are expended in a compliant manner as intended. In addition, the District has requested the names of the four employees at issue to reconstruct the missing documentation.

2014 Update:

The School District was not able to locate the periodic time and effort certifications for the four employees. The remainder of the previous response remains current with new document collection and storage procedures fully implemented.

2013-002: CASH MANAGEMENT

CFDA # 84.367 Status: **Unresolved** Questioned Costs: \$479,259
CFDA # 84.352 Status: **Unresolved** Questioned Costs: \$80,380
Resolution Agency: PA Department of Education
Condition:

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2014**

Over a period of nine fiscal years (2004 to 2012), the School District has withheld \$559,639 in unspent and unobligated grant funding due to the grantor agency for grants received under the Title II, Improving Teacher Quality State Grants and the School Renovation, IDEA and Technology Grant. School District grant analysts prepared various financial reports to the grantor agency that erroneously over reported expenditures of grant funds received from the Title II, Improving Teacher Quality Program by \$479,259. In addition, the School District withheld unexpended grant funds of \$80,380 pertaining to the School Renovation, IDEA and Technology Grant. Of the amounts withheld from the grantor agencies, the School District transferred \$236,342 to its general fund. Funding for these grants is received through the Pennsylvania Department of Education.

2014 Update:

The School District is in the process of returning the \$155,961.53 of unspent funds and for the grant awards which are FY 2006-2007 or after, SDP will also return \$323,298.00 of unspent funds by mid June 2015.

2013-003. CASH MANAGEMENT

CFDA # 84.010	Status: Unresolved	Questioned Costs: \$ 24,060
CFDA # 84.367	Status: Unresolved	Questioned Costs: \$ 3,214
CFDA # 84.388	Status: Unresolved	Questioned Costs: \$ 2,441

Resolution Agency: PA Department of Education

Condition:

The School District did not properly calculate or remit interest earned on advances received from the Pennsylvania Department of Education. Management informed us that the grantor had remitted funds to the School District at its discretion, and not based on requests for reimbursements. This method of remitting grant funds resulted in various programs being pre-funded, and in our opinion, constituted advances to the District in fiscal year 2013. Based on our interpretation of the regulations, a sample calculation determined that the School District did not remit \$29,715 in interest earned on advances received for the Title I Grants to Local Educational Agencies (Title I), the Improving Teacher Quality State Grants, and the School Improvement Grants, Recovery Act. Funding for these grants is received through the Pennsylvania Department of Education.

2014 Update:

The School District of Philadelphia (SDP) has reviewed the federal rules regarding interest earned requirements and calculations and has implemented policies and procedures consistent with OMB Circular A-87.

Federal regulations applicable to U.S. Department of Education (ED) federal programs do not require LEAs to return interest earned on Federal cash balances on a grant-by-grant basis. See Los Angeles Unified School District's Procedures for Calculating and Remitting Interest Earned on Federal Cash Advances, OIG Audit Report A09H0019, December 2008.

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2014**

In further support that ED does not require interest to be calculated on a grant-by-grant basis, on July 21, 2014, the U.S. Department of Education's Office of the Chief Financial Officer issued a PDL (Program Determination Letter) to the California Department of Education that its cash management issues had been resolved. In this PDL, ED indicates that one possible way for LEA's in California to comply with the Federal interest requirement is to calculate interest on a "subfund" basis that indentifies the cash balances for all Federal programs (non-Federal programs are not included). The exact quote from the PDL is "There is no regulatory or ED requirement that requires states or LEAs to return interest earned on Federal funds on a program-by-program or grant-by-grant basis. Under the subfund concept, COE reports could contain information LEAs need to determine and remit the actual interest earned on all Federal cash advances." See PDL p.25. Therefore, the subfund concept allows LEAs to both determine and remit the interest due on all Federal education programs in the aggregate.

In addition, the new Omni Circular supports SDP's methodology of pooled ED federal cash advances by stating that "the Federal awarding agency and pass-through entity must not require separate depository accounts for funds provided to a non-federal entity". See Omni Circular 200.305(b)(7)(i). Therefore, cash amounts held in the bank are not required for this calculation.

SDP calculates cash balances per program and in total for indirect federal grants by using monthly expenditures and monthly cash receipts on which to calculate the interest due. Negative cash balances at the end of each period are reset to zero to ensure non federal funds do not offset federal interest earnings due to the temporary use of these resources. The most recent update to our policy was on October 28, 2013 to change from using obligations to expenditures. This change is consistent with past recommendations from our auditors. The SDP has calculated the interest earned for all federal funds using the methodology and will remit payment for all prior years by mid March 2015.

2013-004: REPORTING

CFDA # 84.010

Status: **Unresolved**

Questioned Costs: N/A

Resolution Agency: PA Department of Education

Condition:

The School District's 2011 Final Completion Report for the Title I Grants to Local Educational Agencies Program - Part A (Title I), did not agree with the underlying accounting records. Indirect costs were overstated by \$159,056. Moreover, the District had not finalized the report, which was due to the Pennsylvania Department of Education (PDE) by November 1, 2012. Funding for the Title I program is received through the PDE.

2014 Update:

The School District's 2011 Final Expenditure Report for Title I has been submitted to the Pennsylvania Department of Education (PDE) on their e-grants system.

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2014**

2012-03: CHILD AND ADULT CARE FOOD PROGRAM

CFDA # 10.558 Status: **Unresolved** Questioned Costs: \$497

Resolution Agency: PA Department of Education

Condition:

The School District did not maintain adequate records for the Child and Adult Care Food Program (CACFP). This program provides meals to children participating in after-school learning programs. We found that at five schools, 166 of the 1,121 meals selected for testing were submitted for reimbursement without supporting attendance records. We were informed by School District management that for the Twilight Feeding portion of the CACFP, activities were carried out by both school based District educational staff and by various outside agencies. Only those activities carried out by School District personnel failed to compile and maintain the required attendance records. Funding for this grant is received through the Pennsylvania Department of Education.

2014 Update:

Effective for the 2012/2013 school year, the District's Food Service Department management implemented stronger compensating internal controls to ensure that schools with Twilight Feeding programs are maintaining proper records of daily attendance. The effects will not be apparent until the Fiscal Year 2013 Single Audit. Food Services completes identical grant compliance training for both internal and external after-school providers, including requiring signed statements from applicable staff that retention of daily attendance records is mandatory. In addition, Food Services require both third party vendor and District personnel who will be serving students to sign checklists at the beginning of the school year that they understand and will comply with program documentation requirements. Periodically during the year Food Services will monitor samples of record keeping at schools with Twilight Feeding programs to ensure compliance with federal requirements and ensure appropriate corrective actions are taken.

During the Fiscal Year 2013 audit, the auditors reviewed this program and had no similar findings. The School District believes the control weakness related to this program has been corrected. The School District is awaiting resolution by grantor.

2012-04: AMERICAN RECOVERY AND REINVESTMENT ACT GRANTS

CFDA # 84.386, # 84.388, # 84.389, # 84.391, # 84.410 Status: **Unresolved** Questioned Costs: \$0

Resolution Agency: PA Department of Education

Condition:

The School District did not report on the use of American Recovery and Reinvestment Act (ARRA) funds as required by grant terms and conditions. The Pennsylvania Department of Education delegated the responsibility to submit quarterly reports detailing the number of jobs created and actual expenditures under ARRA grants to the School District. We found that the School District did not file any ARRA mandated reports during fiscal year 2012.

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2014**

2014 Update:

Management reviewed ARRA reporting requirements and met with the School District personnel involved with ARRA funds to ensure that they understand the ARRA reporting and filing requirements. In addition, the majority of the ARRA mandated reports for fiscal year 2012 have been filed.

2012-05: ALL PROGRAMS

CFDA # All Programs **Status: Unresolved** **Questioned Costs: \$0**
Resolution Agency: U. S. Department of Health and Human Services Cognizant Agency
Condition:

The School District did not submit an acceptable audit reporting package to the Federal Audit Clearinghouse on a timely basis. We found that the School District did not file the mandated reports within nine months after year end or obtain an extension of time from the federal cognizant agency within which to file the reports.

2014 Update:

The successful collaboration between the School District of Philadelphia (SDP) and our auditors has resulted in the completion of Fiscal Year 2014 Single Audit fieldwork (audit report opinion date) on March 31, 2015. Measures have already been taken that management believes are appropriate to accommodate the audit process and will result in the more timely submission of this and future audit reports. Management has expedited time-lines for the completion of information and related deliverables by devoting more District resources to those tasks. The City of Philadelphia Controller's Office has also devoted more resources to conduct both the Single and Financial Audits of the District.

2012-06: TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

CFDA #84.010 **Status: Unresolved** **Questioned Costs: \$17,747**
Resolution Agency: PA Department of Education
Condition:

The School District did not calculate or remit interest earned on advances received from the Pennsylvania Department of Education. Management informed us that the grantor had remitted funds to the School District at its discretion, and not based on requests for reimbursements. This method of remitting grant funds resulted in various programs being pre-funded, and in our opinion, constituted advances to the District in fiscal year 2012. Based on our interpretation of the regulations, a sample calculation determined that the School District did not remit \$17,747 in interest earned on advances received solely for the Title I Grants to Educational Agencies. Funding for this grant is received through the Pennsylvania Department of Education.

2014 Update:

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2014**

The School District of Philadelphia has reviewed the federal rules regarding interest earned requirements and calculations and has implemented policies and procedures consistent with OMB Circular A-87.

Federal regulations applicable to ED programs do not require LEAs to return interest earned on Federal cash balances on a grant-by-grant basis. *See* Los Angeles Unified School District's Procedures for Calculating and Remitting Interest Earned on Federal Cash Advances, OIG Audit Report A09H0019, December 2008. Accordingly, interest may be calculated and remitted on all Federal education programs in the aggregate.

On June 5, 2013, the District submitted a 90 Day Letter pursuant to 34 C.F.R. § 81.33 to the Secretary of Education at the United States Department of Education (ED) seeking guidance regarding the calculation of interest. The SDP received ED's response on September 6, 2013. The SDP revised Policy GP2000 "Calculating and Remitting Interest" and related procedures on October 28, 2013 based on this guidance to ensure the proper calculation and quarterly remittance of interest earned on advances, as required by federal regulations. The SDP has since recalculated the interest earned in accordance with the revised policy and will remit payment for all prior years by mid March 2015.

2012-07: ENGLISH LANGUAGE ACQUISITIONS STATE GRANTS

CFDA #84.365 Status: **Unresolved** Questioned Costs: \$40,612
Resolution Agency: PA Department of Education
Condition:

The School District used federal funds from the English Language Acquisition State Grants to pay \$40,612 in salaries and benefits to an employee in violation of the federal requirements on allowable costs. The employee's salary and benefits were charged to the grant even though the employee's job duties did not represent allowable activities. Funding for the English Language Acquisition State Grants is received through the Pennsylvania Department of Education.

2014 Update:

Procedures were implemented beginning in Fiscal Year 2013 to periodically review personnel charged to federal grants to ensure compliance and make adjustments as necessary. The School District is awaiting resolution by grantor.

2011-03: SCHOOL IMPROVEMENT SET ASIDE (SIG) – ARRA GRANT

CFDA # 84.388 Status: **Resolved** Questioned Costs: \$5,291,263
Resolution Agency: PA Department of Education
Condition:

Tests of 58 employees at 27 schools to evaluate compliance with payroll documentation standards imposed by federal regulations found that grant related activities of these employees were not supported. Periodic certifications required from employees or supervisory personnel by federal regulations were not made available to us when we requested the documentation. In addition, the School District reported that it was unable

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2014**

to locate employee sign-in sheets or student attendance records. Funding for the SIG - ARRA program is received through the Pennsylvania Department of Education.

2014 Update:

Recognizing that actual time and effort certification forms were not prepared, the District provided the auditors with alternative documentation which included signed time records for 42 of the 58 employees and affidavits for an additional 6 employees in the sample attesting to their work in the summer of 2010 SLAM program. Alternative documentation acceptable in other federal audits was provided for a significant portion of the sample and therefore should not be considered questioned costs.

Our 2012 Comprehensive grants management policies and procedures were developed and implemented in July, 2012. Importantly, they included compliant time and effort certification policies and procedures for all full and part-time salaries charged to federal programs. Mandatory training in all grant policies and procedures, including time and effort, was provided to all principals, Federal grant program managers, and select school support staff. Policy 1200: "Certification of Employee Time and Effort" and the related procedure for employees charged to a supplemental pay category, GP1200.4 "Supplemental Pay", covers events such as the Summer Learning and More (SLAM) Program employees. This new policy and procedure corrects the finding that prior to July 2012 supplemental pay employees who worked the SLAM program in the summer of 2010 did not have certification forms specific to this program activity.

In September 2013, there was a meeting between the School District of Philadelphia (SDP) and the Pennsylvania Department of Education (PDE). The parties agreed to enter in the Cooperative Audit Resolution and Oversight Initiative. In November 2013 the SDP responded to the PDE's request for information. The SDP has repeatedly requested an update from PDE for its formal recommendation for resolution.

On November 24, 2014 the School District received a letter from the Pennsylvania Department of Education (PDE) regarding the satisfactory resolution of this finding through a Cooperative Audit Resolution and Oversight Initiative (CAROI) process. Sufficient documentation was provided to substantiate that employees with questioned costs were appropriately paid and therefore no recovery of funds is being sought related to this finding. Therefore, the above-referenced finding is considered resolved and no further action required.

2011-04: CHILD AND ADULT CARE FOOD PROGRAM

CFDA #10.558

Status: **Unresolved**

Questioned Costs: \$2,738

Resolution Agency: PA Department of Education

Condition:

The School District did not maintain adequate records for the Child and Adult Care Food Program (CACFP). This program provides meals to children participating in after-school

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2014**

learning programs. Our testing found that 937 of 1,749 meals tested were submitted for reimbursement without supporting daily attendance records. We were informed by School District management that for the Twilight Feeding portion of the CACFP, some activities were carried out by School District personnel while others were carried out by outside agencies. Only those activities carried out by School District personnel failed to collect and maintain the required attendance records. Funding for this grant is received through the Pennsylvania Department of Education.

2014 Update:

Effective for the 2012/2013 school year, the District's Food Service Department management implemented stronger compensating internal controls to ensure that schools with Twilight Feeding programs are maintaining proper records of daily attendance. The effects will not be apparent until the Fiscal Year 2013 Single Audit. Food Services completes identical grant compliance training for both internal and external after-school providers, including requiring signed statements from applicable staff that retention of daily attendance records is mandatory. In addition, Food Services require both third party vendor and District personnel who will be serving students to sign checklists at the beginning of the school year that they understand and will comply with program documentation requirements. Periodically during the year Food Services will monitor samples of record keeping at schools with Twilight Feeding programs to ensure compliance with federal requirements and ensure appropriate corrective actions are taken.

During the Fiscal Year 2013 audit, the auditors reviewed this program and had no similar findings. The School District believes the control weakness related to this program has been corrected. The School District is awaiting resolution by grantor.

2011-05: TITLE I – ARRA GRANTS TO LOCAL EDUCATIONAL AGENCIES

CFDA # 84.389

Status: Resolved

Questioned Costs: \$37,089

Resolution Agency: PA Department of Education

Condition:

Tests of grant expenditures determined that amounts billed to Title I - ARRA Grants to Local Educational Agencies Program (Title I) included \$37,089 for salary and benefit costs of a school counselor whose time charged to the program could not be certified. Funding for the Title I - ARRA program is received through the Pennsylvania Department of Education.

2014 Update:

The finding that the District did not sufficiently monitor the counselor's changing location status throughout the year to ensure the required certifications were in place was an exception, rather than the norm. As indicated in the Cause section of this audit finding, the counselor had two different locations subsequent to the original school location due to disciplinary actions and, as such, this would be considered a rare occurrence.

SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2014

Comprehensive new grants management policies and procedures were developed and implemented in July, 2012. Importantly, they included Policy 1200: "Certification of Employee Time and Effort" for all full and part-time salaries charged to federal programs. Mandatory training in all grant policies and procedures, including time and effort, was provided to all principals, Federal grant program managers, and select school support staff. These policies also cover salaries and benefits of transfers to new locations throughout the year and emphasize the importance of accurately tracking and reporting salaries charged to federal programs. Findings do not warrant further action in accordance with provisions of section .315 (b) (1) of OMB Circular A-133. The School District is awaiting resolution by grantor.

**2011-08: TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES**

CFDA #84.389, #84.010

Status: Unresolved

Questioned Costs: \$39,789

Resolution Agency: PA Department of Education

Condition:

The School District did not remit \$39,789 in interest earned on advances received for the Title I Grants to Local Educational Agencies, Recovery Act (Title I, ARRA) and the Title I Grants to Local Educational Agencies (Title I). The grantor had remitted funds to the School District at its discretion, and not based on requests for reimbursement by the School District. This resulted in various programs being pre-funded, which we believe constituted advances to the School District. Funding for these grants is received through the Pennsylvania Department of Education (PDE).

2014 Update:

The School District of Philadelphia has reviewed the federal rules regarding interest earned requirements and calculations and has implemented policies and procedures consistent with OMB Circular A-87.

Federal regulations applicable to ED programs do not require LEAs to return interest earned on Federal cash balances on a grant-by-grant basis. *See* Los Angeles Unified School District's Procedures for Calculating and Remitting Interest Earned on Federal Cash Advances, OIG Audit Report A09H0019, December 2008. Accordingly, interest may be calculated and remitted on all Federal education programs in the aggregate.

On June 5, 2013, the District submitted a 90 Day Letter pursuant to 34 C.F.R. § 81.33 to the Secretary of Education at the United States Department of Education (ED) seeking guidance regarding the calculation of interest. The SDP received ED's response on September 6, 2013. The SDP revised Policy GP2000 "Calculating and Remitting Interest" and related procedures on October 28, 2013 based on this guidance to ensure the proper calculation and quarterly remittance of interest earned on advances, as required by federal regulations. The SDP has since recalculated the interest earned in accordance with the revised policy and will remit payment for all prior years by mid March 2015.

**SCHOOL DISTRICT OF PHILADELPHIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2014**

**2010-04: TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES-RECOVERY ACT,
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES,
SCHOOL IMPROVEMENT GRANTS**

CFDA # 84.389, # 84.010 and # 84.377 Status: **Unresolved** Questioned Costs: \$0

Resolution Agency: PA Department of Education

Condition:

The School District did not remit \$ 93,116 in interest earned on advances received for the Title I Grants to Local Education Agencies, Recovery Act (Title I, ARRA), the Title I Grants to Local Educational Agencies (Title I), and the School Improvement Grants to the grantor agency. Funding for these grants is received through the Pennsylvania Department of Education (PDE).

2014 Update:

The School District of Philadelphia has reviewed the federal rules regarding interest earned requirements and calculations and has implemented policies and procedures consistent with OMB Circular A-87.

Federal regulations applicable to ED programs do not require LEAs to return interest earned on Federal cash balances on a grant-by-grant basis. *See* Los Angeles Unified School District's Procedures for Calculating and Remitting Interest Earned on Federal Cash Advances, OIG Audit Report A09H0019, December 2008. Accordingly, interest may be calculated and remitted on all Federal education programs in the aggregate.

On June 5, 2013, the District submitted a 90 Day Letter pursuant to 34 C.F.R. § 81.33 to the Secretary of Education at the United States Department of Education (ED) seeking guidance regarding the calculation of interest. The SDP received ED's response on September 6, 2013. The SDP revised Policy GP2000 "Calculating and Remitting Interest" and related procedures on October 28, 2013 based on this guidance to ensure the proper calculation and quarterly remittance of interest earned on advances, as required by federal regulations. The SDP has since recalculated the interest earned in accordance with the revised policy and will remit payment for all prior years.

Findings do not warrant further action in accordance with provisions of section .315 (b) (4) of OMB Circular A-133.

Section VI.

Corrective Action Plan

The Corrective Action Plan can be found in the ‘Grantee’s Response’ section of each audit finding. The contact person for questions related to the Plan is Joseph D’Alessandro, Chief Grant Development and Compliance Officer. (Phone: (215) 400-6540).