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OFFICE OF INSPECTOR GENERAL

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Dear Ms. Whalen and Mr. Lehrich:

This **final audit report**, titled *Audit of the Department's Oversight of the Rural Education Achievement Program*, presents the results of our audit. The objectives of our audit were to (1) determine whether the Department of Education (Department) adequately monitored grantees' performance and use of funds, and (2) assess the effectiveness of coordination efforts both within the Department and with other Federal agencies involved in rural education.

BACKGROUND

The No Child Left Behind (NCLB) Act of 2002, which reauthorized the Elementary and Secondary Education Act (ESEA) of 1965, contains Rural Education Achievement Program (REAP) initiatives designed to help rural districts that may lack the personnel and resources to compete effectively for Federal competitive grants and that often receive grant allocations in amounts that are too small to be effective in meeting their intended purposes.[1] REAP consists of

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[1] The ESEA was recently reauthorized by the Every Student Succeeds Act (ESSA), signed into law on December 10, 2015. ESSA retained the REAP initiatives but changed some of the activities for which REAP funds were authorized to be used under NCLB. It also changed other requirements under NCLB that were applicable to REAP, which are noted where warranted in applicable sections of this report.

two separate grant programs: the Small, Rural School Achievement (SRSA) program and the Rural and Low-Income School (RLIS) program. The SRSA program provides funds to rural local educational agencies (LEA) that serve small numbers of students, while the RLIS program provides funds to rural LEAs that serve high concentrations of poor students, regardless of the LEA's size.

The Department awards SRSA funds to participating LEAs on a formula basis.[2] LEAs must apply to the Department to receive an SRSA grant. Funds received under the program may be used for any authorized activities under certain Federal grant programs.[3] The Department awards RLIS funds by formula to State Education Agencies (SEA) based on their proportionate share of children in average daily attendance in all LEAs eligible to participate in the RLIS program. SEAs then make subgrants to eligible LEAs, either by formula or competitively. Eligibility is based on the percentage of children served by the LEA that are from families with incomes below the poverty line and the school locale code.[4] An LEA is not eligible to participate in the RLIS program if it is eligible to participate in the SRSA program. LEAs may use RLIS funds for: [5]

1. Teacher recruitment and retention;
2. Teacher professional development;
3. Educational technology that meets the requirements of Part D of Title II;
4. Parental involvement activities;
5. Activities authorized under the Safe and Drug-Free Schools and Communities State Grants program;
6. Activities authorized under Part A of Title I; and
7. Activities authorized under Title III.

SEAs that receive RLIS grants must annually submit a report to the Department that describes: (1) the method the SEA used to award funds; (2) how LEAs and schools used RLIS funds; and (3) the degree of progress made by the State toward meeting its goals and objectives.

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[2] An LEA is eligible for an award if:
- The total number of students in average daily attendance at all of the schools served by the LEA is fewer than 600, or each county in which a school served by the LEA is located has a total population density of fewer than 10 persons per square mile; and
- All of the schools served by the LEA are designated with a school locale code of 7 (rural) or 8 (rural near an urban area) by the Department's National Center for Education Statistics, or the Secretary has determined, based on a demonstration by the LEA and concurrence by SEA, that the LEA is located in an area defined as rural by a governmental agency of the State.

[3] These are: (1) Part A of Title I (Improving the Academic Achievement of the Disadvantaged); (2) Part A of Title II (Improving Teacher Quality State Grants); (3) Part D of Title II (Educational Technology State Grants); (4) Title III (Language Instruction for Limited English Proficient and Immigrant Students); (5) Part A of Title IV (Safe and Drug-Free Schools and Communities); (6) Part B of Title IV (21st Century Community Learning Centers); and (7) Part A of Title V (State Grants for Innovative Programs).

[4] LEAs are eligible if 20 percent or more of the children aged 5 to 17 served by the LEA are from families with incomes below the poverty line and all schools have a school locale code of 6 (small town), 7, or 8 (as assigned by the National Center for Education Statistics).

[5] Under the ESSA, authorized activities under the SRSA program no longer include Part D of Title II (Educational Technology State Grants) or Part A of Title V (State Grants for Innovative Programs). Authorized activities under the RLIS program have been changed to more closely align with the SRSA program, except funds cannot be used toward authorized activities under Part B of Title IV (21st Century Community Learning Centers).

Under the ESEA, LEAs that participated in either of the REAP programs were required to administer an annual assessment which was used by the SEA to determine whether the LEA met the State's definition of adequate yearly progress (AYP).[6] LEAs that failed to make AYP after the third year of participation were required to use the funds to carry out school improvement activities under Section 1116 of the ESEA.[7] For States that received ESEA flexibility waivers, LEAs could use the funds for any authorized purpose regardless of their AYP status.[8]

The Office of School Support and Rural Programs (SSRP), within the Office of Elementary and Secondary Education (OESE), is responsible for administering and overseeing the REAP. Applicable funding information is provided in Table 1 below.

Table 1 – REAP Funding					
Fiscal Year	Total REAP Funding[9]	Number of SRSA Grantees	Average SRSA Award	Number of RLIS Grantees	Average RLIS Award
2011	$174,532,236	4,205	$20,753	43	$2,029,445
2012	$179,192,684	4,302	$20,827	44	$2,036,281
2013	$169,840,000	4,307	$19,717	45	$1,887,111
2014	$169,840,000	4,276	$19,860	44	$1,930,000
2015	$169,840,000	4,269	$19,892	43	$1,974,884

In 2009, the Deputy Assistant Secretary (DAS) for Rural Outreach position was created in the Office of Communications and Outreach (OCO) to serve as the Department's primary liaison to education stakeholders in rural and small communities and the organizations that represent them. The DAS for Rural Outreach also takes the lead on or is involved with the Department's rural education coordination efforts.

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[6] While ESSA eliminated the AYP requirements, States are still required to develop an accountability system for all public schools and LEAs that includes challenging academic standards and to annually measure student progress toward meeting those standards.

[7] These requirements included identifying for school improvement any elementary and secondary school that failed to make AYP for 2 consecutive years; providing all students enrolled in the school the option to transfer to another public school served by the LEA; assisting schools identified in developing or revising a school plan that, among other things, incorporated strategies that addressed the specific academic issues that caused the school to be identified for school improvement and described how funds would be used to remove the school from school improvement status; approving the school plan; and providing technical assistance.

[8] In September 2011, the Department offered each SEA the opportunity to request flexibility on behalf of itself and its LEAs and schools. This voluntary opportunity provided educators and State and local leaders with flexibility from certain requirements of the ESEA, as amended by the NCLB, in exchange for rigorous and comprehensive State-developed plans designed to improve educational outcomes for all students, close achievement gaps, increase equity, and improve the quality of instruction. Under the ESSA, ESEA flexibility is no longer offered and all approved ESEA flexibility waivers are null and void as of August 1, 2016.

[9] Total REAP funding is divided equally between the SRSA and RLIS programs each year.

AUDIT RESULTS

Overall, we found that improvements are needed in SSRP's monitoring of REAP grantees' performance and use of funds. However, despite the need for improvements within SSRP, we concluded that the Department's rural education coordination efforts appear to be effective.

With regard to objective one, we found that SSRP has conducted very limited monitoring to determine whether REAP grantees are making progress toward program goals or spending grant funds in accordance with statutory and regulatory guidelines. Instead, we found that efforts are focused primarily on ensuring grantees are obligating and spending funds by established deadlines. Of the approximately 4,300 LEAs that received SRSA grants each fiscal year (FY) between 2011 and 2014, SSRP produced a total of only 18 desk monitoring reports of 16 grantees. Over the same time period, no monitoring was conducted of any of the approximately 44 RLIS SEAs that received grants each year. We also found that while SSRP developed plans to monitor REAP grantees' performance and use of funds for FY 2011 and FY 2012, these monitoring plans were left in draft form and went largely unimplemented. Monitoring plans for subsequent years were not developed. Additionally, we noted that while SSRP does collect some data on grantees' performance and use of funds, there is little evidence that any of the data is used to inform monitoring efforts or provide assistance to grantees in meeting program goals, even though grantees appear to be having difficulty meeting established performance targets. Without adequate monitoring of grantee progress and use of funds, SSRP has little assurance as to whether REAP grantees are making progress toward program goals and objectives and little to no insight regarding what grantees are using grant funds for, thereby significantly decreasing the likelihood that it will be able to detect any instances where grantees are using funds for unallowable purposes. Further, with regard to RLIS, SSRP lacks assurance that its grantees—the SEAs—are conducting required monitoring of their subgrantees to ensure compliance with applicable Federal requirements, including that funds are being used only for allowable purposes, and that performance goals are being achieved.

With regard to objective two, we found that the Department is involved in various internal and external rural education coordination efforts and that these efforts appear to be effective. We found that the Department has placed a greater emphasis on internal and external rural coordination activities in the last several years. Internal coordination is largely done through an inter-Principal Office Component (POC) working group, which was created by the DAS for Rural Outreach in 2009. Most of the Department's external coordination with other agencies has come out of its participation in the White House Rural Council, which was established in 2011. We also found that the National Center for Education Research (NCER), in the Department's Institute of Education Sciences (IES), formed a rural education research technical working group with experts in the field of rural education to discuss priorities for rural education research efforts. With effective coordination, the Department has more assurance that it is maximizing its resources and efforts in the area of rural education and may be able to produce a greater benefit to the public than it could otherwise achieve on its own.

A draft of this report was provided to OESE and OCO for comment. Each office provided a response addressing the finding and recommendations specific to their office. In response to Finding 1, OESE did not disagree with the finding and stated that it strives to continuously

improve the operation of the REAP. OESE further noted that it has proactively begun addressing many of the recommendations included in the draft audit report and provided a Corrective Action Plan with action steps for addressing each recommendation. In response to Finding 2, OCO concurred with the finding and noted that it is developing a plan to expand capacity around rural education engagement and coordination to ensure its rural coordination efforts continue during the next administration.

OESE's and OCO's comments are summarized at the end of the applicable finding. As a result of the comments, we did not make any changes to the audit findings or the related recommendations. The full text of OESE's response is included as Attachment 2 to this report. The full text of OCO's response is included as Attachment 3.

Finding 1:   SSRP Has Not Adequately Monitored REAP Grantees' Performance and Use of Funds

We found that improvements are needed in SSRP's monitoring of REAP grantees' performance and use of funds. SSRP has conducted very limited monitoring to determine whether REAP grantees are making progress toward program goals or spending grant funds in accordance with statutory and regulatory guidelines. Additionally, SSRP has not developed or fully implemented procedures or plans for monitoring grantees' performance and use of funds. While SSRP does collect some data on grantees' performance and use of funds, there is little evidence that any of the data are used to inform monitoring efforts or provide assistance to grantees in meeting program goals.

Monitoring Efforts for the REAP Are Limited

We found that SSRP has conducted very limited monitoring of REAP grantees' performance and use of funds. Efforts are focused primarily on ensuring grantees are obligating and spending funds by established deadlines.

For the SRSA program, the primary method for monitoring grantees is desk monitoring.[10] Of the approximately 4,300 LEAs that received SRSA grants each fiscal year between 2011 and 2014, SSRP produced a total of only 18 desk monitoring reports of 16 grantees. No more than 0.2 percent of all SRSA grantees were monitored in any given fiscal year. In FY 2014, no monitoring reports were produced. While the desk monitoring reports did include some information on the grantees' performance and use of funds, the reports appeared to consist only of write-ups of what the grantee stated. There were no requests for supporting documentation or any data verification performed. None of the monitoring reports noted any issues or included any findings requiring corrective action by the grantee. Further, we did not find any evidence that A-133 single audit reports[11] of any of these grantees were reviewed to inform monitoring

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[10] Desk monitoring involves calling SRSA grantees to interview them about, among other things, the LEAs' use of funds (including whether the LEA was required to use funds to carry out school improvement activities under section 1116 of the ESEA), the LEAs' overall achievement goals and how REAP supports those goals, and any technical assistance needs.

[11] Office of Management and Budget (OMB) Circular A-133 required non-Federal entities expending $500,000 or more in a year in Federal awards to have a single audit completed. This changed recently when OMB released its Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance), which supersedes OMB Circular A-133. The guidance increased the funding threshold for non-Federal entities requiring a single audit to $750,000 for audits of fiscal years beginning on or after

efforts. Of the 16 SRSA grantees that were monitored, we found that 5 (31 percent) had A-133 audits completed within the year prior to being monitored. We noted that one of the audit reports contained findings pertaining to the REAP as well as other Department programs that SRSA funds can be used toward, but these findings were not discussed in the related monitoring report.

For the RLIS program, the Department did not conduct desk monitoring, on-site reviews, or virtual site visits for any of the approximately 44 SEAs that received grants each year between FYs 2011 and 2014. According to SSRP's FY 2011 monitoring plan for the RLIS program, 31 virtual site visits[12] of RLIS SEAs had been completed since February 2006. One program officer (PO) noted that these site visits were conducted over a 2-year period and in coordination with other Federal programs administered by the Department, however the virtual site visits are no longer being conducted.

In addition to the monitoring reports, SSRP staff also identified 453 grantee files that contained technical assistance correspondence from October 2010 to November 2015.[13] We randomly selected 46 files (10 percent) and reviewed the associated correspondence to determine whether it would constitute monitoring of performance or use of funds. We determined that the correspondence consisted primarily of transmittals of Grant Award Notifications, updated contact information, obligation and liquidation deadlines, links to program information on the Department website, and questions concerning use of the Department's electronic grants management system (G5).

Monitoring Plans Were Not Developed or Implemented

We found that SSRP developed monitoring plans for REAP grantees' performance and use of funds for FY 2011 and FY 2012, however no monitoring plans were developed for subsequent years. We noted that the FY 2011 and 2012 plans were left in draft form and went largely unimplemented. Specifically, these plans set a goal for the office to conduct desk monitoring of at least 10 percent of SRSA grantees in FY 2011 and at least 5 percent in FY 2012, and 100 percent of RLIS grantees in each year. However, we found that the monitoring of REAP grantees fell significantly short of these goals (See Table 2). SSRP monitored just 2 percent and 4 percent of the number of SRSA grantees it set as its goal to monitor in FYs 2011 and 2012, respectively, and, as previously stated, none of the RLIS grantees. Goals were not established for FYs 2013 and 2014 because monitoring plans were not developed for these years.

December 26, 2014. Several of the programs SRSA funds can be used toward are covered in the Compliance Supplement to OMB Circular A-133, and the SRSA program is discussed as well. The Compliance Supplement makes no note of the RLIS program.

[12] Virtual site visits involve reviews of financial and program documentation provided by the grantee, followed by videoconference interviews with the State's financial and program staff.

[13] REAP officials noted that POs provided technical assistance telephonically and in writing via email with grantees. While some of this information was uploaded into G5, they noted that the G5 files do not capture the bulk of technical assistance that REAP POs provided to grantees during this time period.

Table 2 – FYs 2011-2014 REAP Monitoring			
FY	**Program**	**Monitoring Goal**	**Actually Monitored**
2011	SRSA	421 (10%)	8
	RLIS	43	0
2012	SRSA	215 (5%)	8
	RLIS	44	0
2013	SRSA	No goals set	2
	RLIS		0
2014	SRSA	No goals set	0
	RLIS		0

All RLIS grantees were to receive one form of monitoring (desk monitoring, on-site review, or virtual site visit) depending on the SEA's number of subgrantees, whether the SEA had received virtual or on-site monitoring in the past, and the percentage of subgrantees that did not make AYP. SRSA grantees were to be selected for monitoring based on a number of risk factors,[14] as well as factors relating to the size of the award.[15] The majority of the SRSA desk monitoring reports we reviewed (61 percent) indicated that the grantee had been selected for monitoring because of significant or repeating unspent award balances carried over from previous years. In comparison, just 2 of the 18 desk monitoring reports (11 percent) indicated the grantee was selected because the SEA had identified the grantee as having issues, while another 2 grantees (11 percent) were selected because the grantee had participated in REAP for 3 or more years but did not make AYP based on data for the most recent year. However, we noted that one of these two grantees had started making AYP by the time the PO conducted the desk monitoring, and the other grantee was subsequently determined by the PO to not be in improvement status as the applicable State had been approved for an ESEA flexibility waiver.[16] Risk indicators relating to previous monitoring findings, the time since the grantee was last monitored, or the number and severity of audit findings were not cited in any of the monitoring reports.

In addition, we were unable to determine whether grantees that had failed to make AYP and, as a result, were in school improvement status were monitored any differently. In the desk monitoring reports we reviewed, there is a section where a PO notes whether the LEA is in school improvement status, but the reports do not otherwise provide any indication as to whether POs would give any additional consideration to the restrictions on a grantee's use of funds under those conditions. Further, the draft monitoring plans list no separate or additional procedures for monitoring grantees in school improvement status.

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[14] These included: (1) significant or repeating instances of unspent award balances carried over from previous years; (2) SRSA grantees that have participated in the program for at least 3 years, but did not make AYP based on data from the most recent school year; (3) the number of previous monitoring findings; (4) the time since the grantee was last monitored; (5) grantees identified by their respective SEA as having challenges or performance issues, and (6) number and severity of audit findings.

[15] These are: (1) grantee has an active SRSA allocation over $8,000 per pupil; and (2) grantee has an active SRSA award greater than $40,000.

[16] LEAs that received SRSA or RLIS program funds had flexibility to use those funds for any authorized purpose regardless of the LEA's AYP status if their State had been approved for an ESEA flexibility waiver.

Data on Grantees' Performance and Use of Funds is Not Used for Monitoring Purposes or Not Collected

We noted that while SSRP does collect some data on grantees' performance and use of funds, there is little evidence that it uses any of the data to inform monitoring efforts or provide assistance to grantees in meeting program goals, even though grantees appear to be having difficulty meeting established performance targets. Specifically, SSRP collects data on the SRSA and RLIS performance measures developed under the Government Performance and Results Act of 1993 (GPRA),[17] as noted in Table 3 below, through eligibility spreadsheets, Consolidated State Performance Reports (CSPR), and the Department's ED*Facts* system.

Table 3 – GPRA Performance Measures and Goals						
Performance Measure	**FY 2011 Target**	**FY 2011 Actual**	**FY 2012 Target**	**FY 2012 Actual**	**FY 2013 Target**	**FY 2013 Actual**
The percentage of SRSA LEAs that made AYP after 3 years in the program.	98%	69%	N/A*	N/A*	N/A*	N/A*
The percentage of RLIS LEAs that made AYP after 3 years in the program.	94%	31%	N/A*	N/A*	N/A*	N/A*
The percentage of students in SRSA LEAs who scored "proficient" or better on State assessments in reading or language arts.	86%	75%	90%	72%	94%	69%
The percentage of students in RLIS LEAs who scored "proficient" or better on State assessments in reading or language arts.	88%	68%	92%	67%	96%	64%
The percentage of students in SRSA LEAs who scored "proficient" or better on the State assessments in mathematics.	86%	71%	91%	68%	96%	65%
The percentage of students in RLIS LEAs who scored "proficient" or better on the State assessments in mathematics.	85%	66%	90%	64%	95%	60%
*The Department last reported on the goals related to AYP in FY 2011 as more than half of the States had been approved for ESEA flexibility waivers since then and, therefore, the Department believed success in making AYP was no longer a meaningful measure for REAP.						

States also report data annually on their progress toward RLIS program goals and subgrantees' use of funds through the CSPR. In its most recent biennial report to Congress on the RLIS program for school years 2008-09 and 2009-10, the Department noted that data in the CSPR is validated through desk monitoring conducted of SEAs and is also used to prioritize RLIS recipients for desk monitoring. However, SSRP does not review or assess the reliability of this information, nor does it appear to use this information to assist with or improve monitoring or provide technical assistance to grantees. As noted above, SSRP has not conducted monitoring of any RLIS SEAs in the past several years.

Further, we noted that while RLIS progress and use of funds is reported by States through the CSPR, this information is generally not collected for SRSA grantees other than for the GPRA performance measures noted above. Additionally, while the Department itself was still compiling AYP data, SSRP no longer requested the data or used it in its monitoring upon creation of ESEA flexibility waivers. We found that of the 49 States that received funds under

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[17] GPRA was passed to hold Federal agencies accountable for achieving program results. The Act required Federal agencies to set program goals, measure program performance against those goals, and report publicly on progress made toward those goals.

one of the REAP programs, 7 did not have an ESEA flexibility waiver approved by the Department at the time of our review, and 1 did not receive an ESEA flexibility waiver until FY 2014. LEAs in States without ESEA flexibility waivers that received REAP funds were still required to use any REAP funding toward the school improvement activities noted in the ESEA. Nevertheless, SSRP stopped collecting AYP data from States after FY 2012 and no longer used LEAs' school improvement status as a factor in selecting LEAs for monitoring.

We also found that the Department hired a contractor to evaluate the implementation of the RLIS program.[18] The contractor's report, published in June 2010, identified how States and school districts used RLIS funds, assessed the progress districts made toward improving student achievement, and identified how some States were monitoring their RLIS subgrantees. However, we did not find any evidence that SSRP used information from this report to inform monitoring efforts or provide assistance to grantees in meeting program goals.

OMB Circular A-123, *Management's Responsibility for Internal Control*, states

> Management has a fundamental responsibility to develop and maintain effective internal control. The proper stewardship of Federal resources is an essential responsibility of agency managers and staff. Federal employees must ensure that Federal programs operate and Federal resources are used efficiently and effectively to achieve desired objectives. Programs must operate and resources must be used consistent with agency missions, in compliance with laws and regulations, and with minimal potential for waste, fraud, and mismanagement.

The Department's Grant Bulletin #14-06, *Policy, Guidance, and Responsibilities for Principal Office Monitoring Frameworks for Formula Grant Programs* (Bulletin), dated April 28, 2014, establishes guidance to help program offices with regard to the development of monitoring plans for formula grant programs consistent with their Principal Office Monitoring Frameworks. OESE developed a monitoring framework, titled *Guidance for OESE Monitoring Plans*, dated November 5, 2015,[19] to guide the development of program office monitoring plans for OESE grant programs. It notes that monitoring is an essential function for OESE, with the purposes of, among other things, ensuring that the grantee is making substantial progress toward achieving its stated goals and objectives, providing evidence of the program's compliance with applicable statutes and regulations, and determining program-specific areas in which the grantee can benefit from Federal assistance.

The OESE guidance notes desk monitoring is one of the major forms of monitoring. The guidance explains that a desk monitoring review is a thorough examination of a specific set of topics that is conducted from the Department. For most OESE programs, the grantee will be asked to submit specific documents, which are thoroughly reviewed. The grantee will also be interviewed via videoconference, webinar, or telephone. The guidance further notes that desk monitoring reviews are typically less comprehensive than on-site monitoring reviews, but still

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[18] The Department has procured another contractor to study the experiences and needs of REAP grantees to gain a better understanding of uses of funds, activities, and technical assistance needs. SSRP has stressed to grantees that this is not a monitoring activity. The contractor's report is anticipated in the spring of 2016.

[19] This version revised the guidance by the same name, dated January 23, 2012. The guidance on monitoring plans is virtually the same in each version, with the revised guidance updating OESE's preferred method for program offices to maintain official grantee files.

often require a detailed examination of grant documents and generally follow a structured monitoring instrument and/or protocol.

The guidance notes other oversight activities are available to OESE in addition to formal on-site or desk monitoring, such as reviewing GPRA indicators and results, Risk Management Service (RMS) Entity Risk Review (ERR) [20] reports, and audit reports. The guidance states that many OESE programs review the audit findings in the audit database maintained by the Federal Audit Clearinghouse (FAC) to ensure that their grantees have complied with A-133 audit filing requirements. It further notes that the Department tracks, monitors, and reports on audits through the Audit Accountability and Resolution Tracking System (AARTS)[21] and that staff can obtain full texts of audits from the FAC or by contacting staff in RMS.

The Bulletin notes that in conducting a risk assessment of each formula grant program, program offices should include all grantees each year or a subset of grantees that, over an appropriate time period, will enable the program office to ensure an appropriate level of oversight for all grantees. The risk assessment process should include a risk rubric to identify and assess a grantee's potential risk in the areas of meeting performance standards and complying with program, financial, and administrative requirements. The *Guidance for OESE Monitoring Plans* adds that having a strong risk assessment tool is particularly useful for programs that have such a high number of grantees that they need to strategically select a sample of grantees to target where remediation and technical assistance is needed. The guidance specifically recommends that grant programs that have exceptionally large numbers of grantees, such as REAP, conduct a different risk assessment than what it suggests for most other OESE programs. It recommends that these grant programs request that the RMS run an ERR report for all current grantees, and use it to identify grantees that are in institutions that have been determined to have a high level of risk. From this list, a sample of grantees to be monitored would be selected.

Reasons for Inadequate Monitoring

SSRP's limited monitoring can be attributed to a lack of resources and the difficulty in administering the program to the large number of REAP grantees, a lack of oversight by SSRP management, and a lack of plans to conduct monitoring. Several POs noted their large workload, with a few mentioning that there was not enough time to both administer the program and conduct monitoring. Approximately 4,300 awards are made annually through the SRSA program and approximately 44 awards are made annually through the RLIS program. Further exacerbating the issue, SSRP has experienced significant turnover and a decrease in the number of REAP POs in the last several years. The number of REAP POs has fallen from 9 to 5 since November of 2011. As a result, the average number of States a PO is responsible for overseeing has risen from 5 to 10 and the number of LEAs from approximately 480 to 860, placing a greater burden on the POs and contributing to staff turnover. At times there was just one PO assigned to REAP exclusively, with the others having responsibilities under other programs. As of April 2015, we noted that all five of the assigned POs work exclusively on REAP. However three of the five had worked on REAP for less than 1 year. Some POs noted they received little guidance or formal training related to their responsibilities. One PO stated that being a REAP PO was "trial by fire."

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[20] ERR reports include data from A-133 audits and past program performance data, among other data.
[21] AARTS includes data from audits and alternative products issued by the Government Accountability Office (GAO) and the Office of Inspector General (OIG), as well as single audits.

We also found that SSRP's Group Leader position was left unfilled between early 2012 and November 2015. As the supervisor of the POs, the Group Leader is responsible for developing monitoring plans and ensuring POs meet their monitoring goals. It appears that without a Group Leader, SSRP was not developing monitoring plans or tracking whether monitoring was being conducted. Of the two POs employed in SSRP for over a year, one was surprised to see that so few monitoring reports had been completed, and the other said they thought more had been completed.

The PO who noted that the virtual site visits had been completed over a 2-year period could not explain why SSRP did not continue them. The PO explained that time constraints and the fact that the virtual site visit reports were cumbersome to write may have been reasons why they were not continued.

SSRP's limited monitoring can also be attributed to the lack of plans to do so. When monitoring plans were in place in FYs 2011 and 2012, 16 monitoring reports were completed. Between FYs 2013 and 2014, when there were no monitoring plans in place, just two monitoring reports were completed. Although still significantly short of the proposed targets, one PO explained that having established targets compelled POs to do some monitoring, but without monitoring plans and goals, POs no longer had any reason to do them.

When asked why the FY 2011 and FY 2012 monitoring plans were never finalized, one SSRP PO noted that the POs worked on developing the plans and submitted them for review, but did not receive any feedback about them from management or otherwise hear about the plans again. Another PO noted that they were told by the Office of the General Counsel (OGC) to keep the plans in draft form. The PO believed they were told to do so because the plans are continuously updated. In written communication following our exit conference, OESE noted that this statement is based on a misunderstanding and does not reflect the advice actually provided by OGC. OESE stated that OGC would have advised program officials to continually update its monitoring plans to address specific matters that arise during monitoring, as these are considered living documents subject to revision. An OGC official noted that keeping plans in draft form is not an unusual practice at the Department, and that many other program offices keep documents in draft form and update them as needed. However, it appears that part of the reason these plans were not fully implemented was because they were left in draft form and, therefore, the program office was not being held to the monitoring activities or goals described in the plans.

With regard to additional review procedures for AYP grantees, an OGC official explained that the school improvement activities of Section 1116 of the ESEA were not much more restrictive than the SRSA program's allowable uses of funds. This official further noted that the SRSA program funds can be used for virtually anything related to education, though still in accordance with the statute, suggesting that more robust monitoring of SRSA grantees would be an inefficient allocation of SSRP's limited resources. Nevertheless, SSRP's current monitoring efforts do not satisfy its oversight responsibilities, nor do they provide SSRP with any assurance that grantees are making progress toward achieving program objectives and spending their funds in accordance with statutory and regulatory guidelines. Additionally, while the allowable uses of funds are very flexible under the SRSA program, SRSA funds can still be misappropriated or used improperly. Regarding grantees that failed to make AYP, while the allowable uses of funds for these grantees may still have been very flexible, these grantees were nonetheless still subject to more restrictive allowable uses of funds and should have been held to these further restrictions defined by the ESEA.

In written communication following our exit conference, OESE acknowledged that more could have and should have been done to ensure REAP grantees were complying with program requirements, but noted that monitoring under the REAP may differ from that under traditional grant programs given the significant number of REAP grantees, the relatively small size of the grant awards, and the flexible uses of program funds. OESE also stated that under a cost-benefit and risk analysis, the program office should not be expected to conduct the type of in-depth monitoring generally expected in other programs. In addition, OESE stated that it may be particularly burdensome to attribute increases in student academic achievement to REAP funds, given the relatively small award amounts, the broad allowable uses of funds, and the inability of very small districts to provide data sets large enough to be statistically reliable. OESE stated that the authorized uses of funds under the SRSA and RLIS programs are extremely broad, and therefore the risk for a district using REAP funds for unauthorized purposes is significantly less than that in most other Federal education programs. OESE also stated that in allocating limited resources to monitoring, it is reasonable to take into account the lower risk factors for REAP grantees.

We agree that due to the attributes noted above, monitoring under the REAP may differ from monitoring performed under other grant programs. Our report does not specify the level of monitoring that should have been performed or should be performed currently, but notes a need for at least a reasonable amount of monitoring to be performed rather than the limited to no monitoring that we noted. Further, monitoring completed should at least be close to or at the level specified by the program office itself in its monitoring plans. As noted above, monitoring of REAP grantees fell significantly short of the targets SSRP set for itself in FYs 2011 and 2012. As previously referenced, OESE's *Guidance for OESE Monitoring Plans* states that monitoring should be conducted with enough depth to ensure that the grantee is making substantial progress toward achieving its stated goals and objectives, provide evidence of the program's compliance with applicable statutes and regulations, and determine program-specific areas in which the grantee can benefit from Federal assistance. The guidance notes that having a strong risk assessment tool is particularly useful for programs that have such a high number of grantees that they need to strategically select a sample of grantees to target where remediation and technical assistance is needed. It specifically cites REAP as an example of a program that should conduct a different risk assessment than what it suggests for most other OESE programs so that resources can be focused on institutions determined to have a high level of risk.

Recent Efforts to Improve Program Oversight

In its written communication following our exit conference, OESE also noted that SSRP experienced a change in leadership in January 2015. OESE stated that, upon this change, the new Acting Director took steps to address areas for possible improvement and growth in the program office by conducting a three-tiered review designed to increase system alignment, and to build organizational, team, and individual performance. OESE further explained that as a result of the reviews and the transition in leadership, SSRP has implemented reforms to improve the efficiency of grant administration, enhance technical assistance, and make clear the specific roles and responsibilities of program staff. Steps noted to have been taken include revising the organizational structure of the office to promote more effective communication, clearly defining roles and lines of reporting, and realigning the duties and responsibilities of program staff to ensure the REAP is administered in accordance with all applicable Department policies and procedures. OESE noted that the REAP's new Group Leader has been actively working to develop robust technical assistance activities and conduct monitoring in the

FY 2016 grant cycle. OESE further noted that the REAP program has begun a comprehensive review of its past monitoring plans and has sought guidance and assistance from OESE leadership responsible for monitoring, and that SSRP has begun to develop revised guidance and procedures in accordance with the ESSA.

While we appreciate OESE's stated efforts, we note that in October 2015, during our fieldwork, the Acting Director first mentioned that several assessments had been performed within SSRP, to include a climate, operational, and internal control assessment. We were informed at that time that the assessments and a summary of changes that had been made since she took over would be provided for our review. We subsequently made several requests for this information to both the Acting Director and Group Leader from October 2015 through January 2016 and were told that documentation would be forthcoming, however no information was ever provided for our review. As a result, we were not able to review, assess, or report on these efforts as part of our audit.

Overall Effect of Inadequate Monitoring

Without adequate monitoring of grantee progress, SSRP has little assurance that REAP grantees are making progress toward program goals and objectives. Although SSRP does collect data on grantee progress, much of it is aggregated and cannot be used to assist grantees having trouble meeting program goals, and reported program data are not validated. As a result, SSRP cannot identify individual grantees needing assistance in meeting program goals, nor does it have assurance that program performance data are accurate and reliable.

As noted previously in Table 3, targets for each of the GPRA performance measures for the SRSA and RLIS programs have not been met in the past several years. In fact, instead of making progress, performance has actually declined in each of the past several years. With adequate monitoring of grantee progress, SSRP would have a better idea of the issues that may be preventing grantees from making further progress and could provide more focused technical assistance to address these issues.

Regarding monitoring of grantees' use of funds, SSRP has little to no insight regarding what grantees and subgrantees are using grant funds for, and lacks information that would enable it to detect any instances where grantees are using funds for unallowable purposes. SSRP's limited monitoring did not require grantees to provide any evidence of grant expenditures. Instead, POs relied on what grantees told them. Inadequate monitoring increases the risk that grantees will misuse grant funds. This risk is further increased due to the fact that REAP funding is not generally covered in A-133 audits, and even when it is, SSRP does not review these audits for such findings. Further, with regard to RLIS, SSRP lacks assurance that its grantees—the SEAs—are conducting required monitoring of their subgrantees to ensure compliance with applicable Federal requirements, including that funds are being used only for allowable purposes, and that performance goals are being achieved. This is all the more important in light of new requirements in both the ESSA and OMB's Uniform Grant Guidance regarding pass-through entities' responsibilities to perform risk assessments of their subgrantees and monitor them accordingly.

Lastly, the risk of misuse of funds will likely increase as grantees realize that the Department is not monitoring them. One PO told us that one grantee said they had not heard from anyone in the Department in 10 years. Through reviewing the desk monitoring reports, we also found that

two grantees stated they were receiving more money than they were able to spend, and one grantee noted they were grateful someone from the Department was reaching out to them, as they had not heard from anyone in 8 years. These anecdotes serve only to reinforce the importance of adequate monitoring in ensuring that Federal funds are protected from waste, fraud, and abuse.

Recommendations

We recommend that the Assistant Secretary for OESE:

1.1   Ensure that SSRP staff develop, finalize, and implement adequate plans to monitor REAP grantees performance toward achieving the program's goals and objectives, and that such monitoring is used to assist grantees with making progress toward the program's goals and objectives.

1.2   Ensure that SSRP staff develop, finalize, and implement adequate plans to monitor REAP grantees use of funds to ensure that funds are being used for allowable activities under each of the programs. Consider partnering with other program offices within the Department monitoring the same grantees, when applicable.

1.3   Review available A-133 single audit reports for findings pertaining to the REAP or other programs under which REAP funds can be used to assist in the monitoring of REAP grantees.

1.4   Implement a risk assessment process to be used in selecting grantees to be monitored. In doing so, consider requesting ERR reports for grantees from RMS, as suggested by OESE's *Guidance for OESE Monitoring Plans* for grant programs with a large number of grantees.

1.5   Consider updating the Compliance Supplement to direct external auditors to review grantees' and subgrantees' uses of REAP funds, particularly where there may be known concerns regarding a grantee's or subgrantee's administration of other Federal grant programs.

1.6   Ensure that new POs receive adequate training and guidance so they are prepared to adequately manage the responsibilities of being a PO and effectively oversee grantees.

1.7   Review resources currently allocated to SSRP and assess whether SSRP has the resources necessary to adequately perform its oversight responsibilities.

1.8   Ensure that all relevant and available sources of information, such as reports from contractor studies and evaluations, are used to inform monitoring efforts or provide assistance to grantees in meeting program goals.

1.9   Ensure that procedures are developed to validate, to the extent possible, data on grantees' performance and use of funds and that collected data is used to inform program monitoring.

OESE Comments

OESE did not disagree with the finding and stated that OESE and REAP have proactively begun addressing many of the recommendations contained in the draft audit report. OESE stated that monitoring materials and monitoring standard operating procedures have been completed and address the targeted area of financial management. OESE also noted that monitoring of 15 grantees was completed in the spring of 2016. REAP staff utilized an abridged version of OESE's risk assessment to conduct a risk assessment of SRSA and RLIS grantees for the FY 2016 monitoring. Lastly, OESE stated that additional staffing has been requested for REAP.

OIG Response

We appreciate the efforts noted by OESE to improve its monitoring of REAP grantees' performance and use of funds. As a result of OESE's comments, we did not make any changes to the audit finding or the related recommendations.

Finding 2:   The Department's Rural Education Coordination Efforts Appear to Be Effective

We found that the Department is involved in various internal and external rural education coordination efforts and that these efforts appear to be effective. In the last several years, the Department has placed a greater emphasis on internal and external rural education coordination activities. These activities have led to increased internal communication about and awareness of major rural education programs, projects, and priorities. These efforts have also allowed external entities interested in rural education to more easily connect with the appropriate personnel in the Department. The DAS for Rural Outreach heads most of the Department's rural education coordination efforts, and SSRP serves as a resource for the DAS.

Internal Coordination

The Department's internal rural coordination efforts appear to be effective. Internal coordination is largely done through an inter-POC working group, but also includes Senior Staff Scheduling and Communications meetings and Intergovernmental Affairs (IGA) meetings, which the DAS for Rural Outreach uses to provide updates to attendees on relevant rural education news and activities.

Shortly after the position was created in 2009, the DAS for Rural Outreach at the time created the inter-POC rural working group.[22] This group aims to meet quarterly so that participants can keep each other informed of current news and activities in their respective areas, as well as talk about developments in the field of rural education. The working group has provided an opportunity for several different areas of the Department to meet to discuss rural education.

Approximately 16 employees from 8 different principal offices, including representatives from SSRP, participate in the working group. In one of the working group's meetings, they discussed how the Department could assist with the White House Rural Council's Rural Impact Initiative (discussed below), an external initiative the Department is involved in with other Federal

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[22] The group stopped meeting when the original DAS for Rural Outreach left the Department in late 2013, and was restarted when the current DAS for Rural Outreach was hired in July 2014.

agencies. The DAS for Rural Outreach also formed an ad hoc group of members of the working group to respond to a special request from the White House Rural Council to provide a document of ideas of how the Department can assist with the Rural Impact Initiative.

Further coordination is done through two separate meetings the DAS for Rural Outreach attends. The DAS for Rural Outreach uses Senior Staff Scheduling and Communications meetings to notify the attendees of important, upcoming rural education events and news, and uses IGA meetings to update attendees on rural education conferences and feedback received from rural stakeholders.

External Coordination

The Department's external rural education coordination efforts also appear to be effective. Most of the Department's external coordination with other agencies has resulted from its participation in the White House Rural Council, on which the DAS for Rural Outreach serves as the Department's representative. In addition to coordination efforts through the Council, the DAS for Rural Outreach also works directly with other Federal agencies and rural advocacy groups. Further, IES' NCER formed a rural education research technical working group with experts in the field of rural education to discuss priorities for rural education research efforts.

The White House Rural Council was established in 2011 to "better coordinate Federal programs and maximize the impact of Federal investment to promote economic prosperity and quality of life in rural communities." Over 25 executive branch departments, agencies, and offices, including the Department, participate in the Council. The DAS for Rural Outreach, the Department's representative on the Council, noted that formal meetings take place twice a year, though working group meetings take place monthly or bimonthly. The following are White House Rural Council initiatives that the Department has participated in or is currently participating in:

- Rural Jobs Accelerator – Announced by the White House Rural Council in March 2012, this initiative links Federal programs to facilitate job creation and economic development in rural communities. Through this initiative, several agencies can coordinate technical assistance and grant/loan programs so that participating entities can have a single access point within the Federal government, creating improved access, streamlining of programs, and better leveraging of resources.

  In August 2012, close to $9 million was awarded to 13 grant recipients. Funding is provided by the U.S. Department of Agriculture (USDA), the U.S. Economic Development Administration, the Delta Regional Authority, and the Appalachian Regional Commission. Technical support is provided by other Federal agencies, including the Department. In participating in this initiative, the Department has created a webinar series titled "Skills on Purpose," which is focused on how to form regional consortia that align education and training programs with the needs of industry in advanced manufacturing. Six webinars were held between June and September 2015.

- Investing in Rural Schools – In June 2012, the White House Rural Council announced the Investing in Rural Schools initiative, the Department's new online community of practice group for rural schools. This community of practice group provides a platform for educators to connect to resources, tools, colleagues, experts, and learning activities, both

within and beyond schools. This group currently has 34 members and provides resources for rural schools relating to human resource challenges, reaching and engaging rural stakeholders, and implementing School Improvement Grants.

As part of the effort, the Federal Communications Commission (FCC), through its E-rate program, is investing $2 billion to expand high-speed internet connectivity for America's schools and libraries. In December 2014, several updates and expansions were made to the E-rate program to improve the administration of the program and maximize schools' and libraries' options for purchasing affordable, high-speed broadband networks. Department staff worked with the FCC to provide guidance on these changes.

- Summer Food Service Program – This program aims to ensure that low-income children continue to receive nutritious meals when school is not in session. USDA planned to serve more than 200 million free meals to children 18 years old and under at approved Summer Food Service sites in the summer of 2015. In June 2015, the White House Rural Council coordinated and published a joint blog post from the Department's Secretary at the time, Arne Duncan, and USDA's Secretary, Tom Vilsack. The blog post supported the program and highlighted resources available for those interested in finding a summer food location or starting one in their community.

- Rural Impact – Announced in February 2015, the Rural Impact Initiative aims to address the challenge of rural child poverty by bringing together Federal agencies and public and private resources. The initiative aims to develop new approaches to address rural challenges and barriers, enhancing public awareness of rural child poverty and its impact on the future of rural communities and the nation's global competitiveness, and improving access to high-quality child care, early learning, and continuing education.

  In support of the Rural Impact Initiative, the Administration announced a new technical assistance initiative, the Rural Integration Models for Parents and Children to Thrive (IMPACT) Demonstration. The Demonstration will focus on providing technical support for rural and tribal communities to incorporate a two-generation approach, with the goal of reducing child poverty. USDA and the U.S. Department of Health and Human Services (HHS) announced in September 2015 that 10 rural and tribal communities across the country would be participating in the Rural IMPACT Demonstration. The Demonstration will be administered by HHS, and will be implemented in collaboration with other Federal agencies, including the Department. Department staff, including the DAS for Rural Outreach, participated in the Demonstration's planning meetings with representatives from other agencies, as frequently as weekly throughout the summer. The Department will be available to provide technical assistance as needed and where applicable to the participating communities.

The DAS for Rural Outreach also communicates with other agencies separately from what is done through the White House Rural Council. The DAS for Rural Outreach is in frequent communication with USDA's Rural Development office so they can relay important information to each other and ensure the Department and USDA are aware of what's happening with each other's rural programs and efforts. The DAS for Rural Outreach has also coordinated meetings and held discussions with the U.S. Department of Housing and Urban Development (HUD), OMB, and the Appalachian Regional Commission. For example, earlier this year, HUD's Office of Rural Housing and Economic Development hosted a Rural Gateway conference call in which

it asked the DAS for Rural Outreach to speak about funding opportunities through the Department for rural communities. The DAS for Rural Outreach brought along the Director and a PO from SSRP to talk during the call as well. Approximately 200 participants, consisting of rural community leaders, called in to the conference call.

In December 2014, IES' NCER convened a technical working group of experts in the field of rural education to discuss research needs in the field and how research could be more useful and relevant to rural communities. In addition to IES staff, 10 rural education experts were invited, including individuals from the K-12 system, national associations, universities, and research organizations. The technical working group focused on (1) current issues in rural education research, (2) prior large-scale IES investments in rural education research, (3) challenges and priorities, and (4) next steps. As a result of the conversations held through the technical working group, IES produced a meeting summary that will be used to guide future plans for support of research on rural education issues.

The Department of Education Organization Act of 1979 notes that the Department was established, in part, to improve the coordination of Federal education programs. The Act also notes that the Department:

> Shall also provide a unified approach to rural education and rural family education through the coordination of programs within the Department and shall work with the Federal Interagency Committee on Education[23] to coordinate related activities and programs of other Federal departments and agencies.

GAO's *Practices That Can Help Enhance and Sustain Collaboration Among Federal Agencies* notes that agencies can enhance and sustain their collaborative efforts by engaging in eight practices identified below. Common themes throughout these practices are leadership, trust, and organizational culture. It notes that collaboration among Federal agencies can take many forms, but collaborations generally consist of two or more agencies following these eight practices:

- define and articulate a common outcome;
- establish mutually reinforcing or joint strategies;
- identify and address needs by leveraging resources;
- agree on roles and responsibilities;
- establish compatible policies, procedures, and other means to operate across agency boundaries;
- develop mechanisms to monitor, evaluate, and report on results;
- reinforce agency accountability for collaborative efforts through agency plans and reports; and
- reinforce individual accountability for collaborative efforts through performance management systems.

The Department's coordination efforts in the area of rural education are largely headed by the Department's DAS for Rural Outreach. The DAS for Rural Outreach's primary responsibility is to build and maintain relationships with rural stakeholders and advocates, and rural education coordination complements this responsibility. The position, created in 2009, has been the

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[23] The Federal Interagency Committee on Education no longer exists, with the last meeting occurring approximately 7 years ago.

driving force behind the Department's increased rural education coordination efforts and has led to increased coordination and communication about rural education between different POCs and between the Department and other agencies and organizations. Not all education subject areas have a representative in OCO and not all areas have inter-POC working groups. Having a single person dedicated to rural education, like the DAS for Rural Outreach, makes it easier for external groups and other agencies to coordinate and connect with the Department.

However, since the Department's DAS for Rural Outreach is a political appointee, the current DAS noted uncertainty as to whether the position will continue when a new administration begins in January 2017, and, if not, whether these rural education coordination efforts will continue.

Effective coordination of rural education activities both within the Department and with other agencies and organizations involved in rural education can produce a greater benefit than the Department could otherwise achieve on its own. With effective coordination, the Department has more assurance that it is maximizing its resources and efforts in the area of rural education.

Recommendation

We recommend that the Assistant Secretary for Communications and Outreach:

2.1   Ensure that the Department continues to effectively coordinate rural education initiatives and efforts, both internally and externally.

OCO Comments

In its response to the draft audit report, OCO concurred with the finding. OCO stated that it is aware that the DAS for Rural Outreach is currently responsible for much of the Department's effective rural coordination efforts. To address the recommendation and ensure that coordination efforts continue during the next administration, OCO stated it is developing a plan to expand capacity around rural education engagement and coordination through a dedicated unit focused on rural and community outreach that includes senior career staff. The DAS for Rural Outreach will work with these senior career staff members to help institutionalize her work to coordinate rural education efforts both internally and externally.

OIG Response

We appreciate the efforts noted by OCO to ensure the continuation of rural education coordination efforts. As a result of OCO's comments, we did not make any changes to the audit finding or the related recommendation.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our audit were to (1) determine whether the Department adequately monitored grantees' performance and use of funds, and (2) assess the effectiveness of coordination efforts both within the Department and with other Federal agencies involved in rural education.

To accomplish our objectives, we gained an understanding of internal controls applicable to the Department's monitoring of REAP grantees' performance and use of funds and those controls over the Department's coordination efforts between relevant parties within the Department as well as other Federal agencies involved in rural education. We reviewed applicable laws and regulations, policies and procedures, OMB guidance, and GAO's "Standards for Internal Control in the Federal Government." In addition, to identify potential vulnerabilities, we reviewed prior OIG and GAO audit reports with relevance to our audit objectives.

We conducted discussions with SSRP management and staff to obtain a more complete understanding of the REAP. These discussions focused primarily on the monitoring process and other efforts undertaken to administer the program. We also conducted discussions with OCO officials to discuss the Department's coordination efforts. The scope of our review was limited to the Department's monitoring activities for REAP grantees and the Department's internal and external coordination efforts between FYs 2011 and 2014.

To determine the adequacy of the Department's monitoring of REAP grantees' performance and use of funds, we reviewed monitoring reports and technical assistance correspondence in G5, which contains each grantee's official grant folder. SSRP identified 16 grant files containing monitoring reports completed between FYs 2011 and 2014, and we reviewed all 18 monitoring reports contained in these files. SSRP identified 453 grant files containing technical assistance correspondence occurring between October 2010 and November 2015. We selected a nonstatistical random sample of 46 files (10 percent) to review to determine whether any of the technical assistance correspondence could also be deemed as a monitoring activity. We reviewed the policies and procedures developed to guide REAP monitoring efforts and compared the goals in these plans with how much monitoring was conducted. We also reviewed REAP guidance provided to grantees, the most recent RLIS biennial report sent to Congress, SSRP organizational charts, documentation of webinars held with RLIS SEAs, and contractor evaluations of the RLIS program. Because there is no assurance that the nonstatistical sample used in this audit is representative of the respective universe, the results should not be projected over the unsampled files.

To assess the effectiveness of coordination efforts both within the Department and with other Federal agencies involved in rural education, we reviewed narrative documents put together by the DAS for Rural Outreach explaining the various coordination efforts the Department is involved in; information on the DAS for Rural Outreach position; evidence of the Department's participation in White House Rural Council initiatives; IES' technical working group meeting summary; and the Department's press releases, media advisories, and blog posts related to the Department's participation in the White House Rural Council.

We conducted fieldwork at Department offices in Washington, DC, during the period
June 2015 through March 2016. We provided our audit results to Department officials during an
exit conference conducted on March 3, 2016.

We conducted this performance audit in accordance with generally accepted government
auditing standards. Those standards require that we plan and perform the audit to obtain
sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions
based on our audit objectives. We believe that the evidence obtained provides a reasonable basis
for our findings and conclusions based on our audit objectives.

ADMINISTRATIVE MATTERS

Corrective actions proposed (resolution phase) and implemented (closure phase) by your
office(s) will be monitored and tracked through the Department's AARTS. The Department's
policy requires that you develop a final corrective action plan (CAP) for our review in the
automated system within 30 calendar days of the issuance of this report. The CAP should set
forth the specific action items, and targeted completion dates, necessary to implement final
corrective actions on the findings and recommendations contained in this final audit report.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector
General is required to report to Congress twice a year on the audits that remain unresolved after
6 months from the date of issuance.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the
Office of Inspector General are available to members of the press and general public to the extent
information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation given us during this review. If you have any questions, please
call Michele Weaver-Dugan at (202) 245-6941.

Sincerely,

Patrick J. Howard /s/
Assistant Inspector General for Audit

Acronyms/Abbreviations/Short Forms Used in this Report

AARTS	Audit Accountability and Resolution Tracking System
AYP	Adequate Yearly Progress
CAP	Corrective Action Plan
CSPR	Consolidated State Performance Report
DAS	Deputy Assistant Secretary
Department	U.S. Department of Education
ERR	Entity Risk Review
ESEA	Elementary and Secondary Education Act of 1965
ESSA	Every Student Succeeds Act
FAC	Federal Audit Clearinghouse
FCC	Federal Communications Commission
FY	Fiscal Year
GAO	Government Accountability Office
GPRA	Government Performance and Results Act
HHS	U.S. Department of Health and Human Services
HUD	U.S. Department of Housing and Urban Development
IES	Institute of Education Sciences
IGA	Intergovernmental Affairs
IMPACT	Integration Models for Parents and Children to Thrive
LEA	Local Educational Agency
NCER	National Center for Education Research
NCLB	No Child Left Behind Act
OCO	Office of Communications and Outreach
OESE	Office of Elementary and Secondary Education
OGC	Office of the General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
PO	Program Officer
POC	Principal Office Component
REAP	Rural Education Achievement Program
RLIS	Rural and Low-Income School
RMS	Risk Management Service
SEA	State Education Agency
SRSA	Small, Rural School Achievement
SSRP	School Support and Rural Programs
USDA	U.S. Department of Agriculture

OESE Response to the Draft Report

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

JUL 2 7 2016

Michele Weaver-Dugan
550 12th Street, SW
Rm 8050
Washington, DC 20202

Dear Michele Weaver-Dugan:

The Office of Elementary and Secondary Education (OESE) appreciates the opportunity to provide written comments to the Draft Audit Report, Control Number ED-OIG/A19P0006, titled Audit of the Department's Oversight of the Rural Education Achievement Program, provided on June 6, 2016.

As with all of the programs we administer, OESE strives to continuously improve the operation of the Rural Education Achievement Program. Our comments should help to clarify our ongoing efforts as we strive to ensure that the funds Congress appropriates to the Department for this program will address the unique needs of rural school districts that frequently lack the personnel and resources needed to compete effectively for Federal competitive grants, and receive formal grant allocations in amounts too small to be effective in meeting their intended purpose.

OESE's response to the Draft Audit Report is detailed in the attached Corrective Action Plan (CAP). In the CAP, the column labeled "action" includes each recommendation included in the Draft Audit Report (in bold). Each recommendation is broken down into more specific actions steps (non-bold) that will help the program office comply with the recommendation. In addition to the action column, the CAP also includes columns for "status," "completion date," and "person responsible" that correspond with each action. For example: Item 1.0, Program monitoring of grantees performance toward achieving program goals and objectives is the recommendation from the Draft Audit Report. Actions 1.1 and 1.2 are additional action steps, with corresponding status and completion date for each step. The individual responsible for all items on the CAP is consistently Dr. David Cantrell, Group Leader, REAP.

OESE and REAP have proactively begun addressing many of the recommendations included in the Draft Audit Report. Specifically, monitoring materials and monitoring standard operating procedures have been completed addressing the targeted area of financial management, as well as monitoring of 15 grantees was completed spring 2016. REAP staff utilized an abridged version of OESE's risk assessment to conduct a risk assessment of SRSA and RLIS grantees for the FY16 monitoring. Additional staffing has also been requested for REAP.

Any subsequent questions, comments, or concerns should be addressed to: Dr. Lisa Ramirez, Acting Director, School Support and Rural Programs.

Sincerely,

Lisa Ramirez
Acting Director
School Support and Rural Programs

400 MARYLAND AVE., SW, WASHINGTON, DC 20202
www.ed.gov

Our mission is to ensure equal access to education and to promote educational excellence throughout the nation.
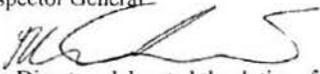
OCO Response to the Draft Report

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF COMMUNICATIONS AND OUTREACH

August 4, 2016

MEMORANDUM

TO: Office of the Inspector General

FROM: Matt Lehrich
              Communications Director, delegated the duties of the Assistant Secretary

SUBJECT: Response to Finding 2 of the Office of Inspector General's Audit of the
              Department's Oversight of the Rural Education Achievement Program

Thank you for the opportunity to provide a written response to your draft audit report. We concur
with the finding that the Department is involved in various internal and external rural
coordination efforts and that these efforts are effective.

We are also aware that the Deputy Assistant Secretary for Rural Outreach is currently
responsible for much of the Department's effective rural coordination efforts. In order to best
follow the recommendation of the OIG and ensure that these efforts continue during the next
administration, OCO is developing a plan to expand capacity around rural education engagement
and coordination through a dedicated unit focused on rural and community outreach that includes
senior career staff. In the months ahead, the DAS for Rural Outreach will continue to work with
these senior career staff members to help institutionalize her work to coordinate rural education
efforts both internally and externally.

*The Department of Education's mission is to promote student achievement and preparation for global competitiveness
by fostering educational excellence and ensuring equal access.*