

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
NO CHILD LEFT BEHIND
FUND DISTRIBUTION**

**PERFORMANCE AUDIT REPORT
FEBRUARY 2007**

To The Fiscal Committee Of The General Court:

We have conducted an audit of the Department of Education (DoE) and its ability to provide notification of and distribution to local school districts available No Child Left Behind (NCLB) funds, to address the recommendation made to you by the Legislative Performance Audit and Oversight Committee. We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to provide a reasonable basis for our findings and conclusions. Accordingly, we have performed such procedures as we considered necessary in the circumstances.

The purpose of the audit was to assess how efficiently and effectively the DoE assists local school districts in accessing NCLB funds. The audit period includes State fiscal years 2002 through 2006.

This report is the result of our evaluation of the information noted above and is intended solely for the information of the DoE and the Fiscal Committee of the General Court. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Fiscal Committee is a matter of public record.

Office Of Legislative Budget Assistant

February 2007

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ABBREVIATIONS

BOA	Bureau Of Accountability
CFDA	Catalog Of Federal Domestic Assistance
DoE	New Hampshire Department Of Education
DOS	Disk Operating System
EDGAR	U.S. Education Department General Administrative Regulations
ERP	Enterprise Resource Planning
ESEA	Elementary And Secondary Education Act
G&C	Governor And Executive Council
GMS	Grants Management System
IASA	Improving America's Schools Act
LBA	Office Of Legislative Budget Assistant
LPAOC	Legislative Performance Audit And Oversight Committee
LEA	Local Educational Agency
NCLB	No Child Left Behind
NECAP	New England Common Assessment Program
OBM	Office Of Business Management
OIT	Office Of Information Technology
RFP	Request For Proposal
SAU	School Administrative Unit
SFY	State Fiscal Year
U.S. DoE	United States Department Of Education

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SUMMARY

Purpose And Scope Of Audit

This audit was performed at the request of the Fiscal Committee of the General Court consistent with the recommendation of the joint Legislative Performance Audit and Oversight Committee. It was conducted in accordance with generally accepted government auditing standards applicable to performance audits. The purpose was to assess how efficiently and effectively the New Hampshire Department of Education (DoE) assists local school districts to access No Child Left Behind (NCLB) funds.

Background

Since the passage of the Elementary and Secondary Education Act of 1965 (ESEA), Congress has authorized billions of dollars in federal grants to improve educational opportunities for the economically disadvantaged. In 1994, Congress reauthorized the ESEA through the Improving America's Schools Act (IASA). The IASA included requirements designed to hold states receiving federal assistance accountable for student progress. States were required to establish academic standards, develop assessment tests to measure student proficiency in reading and math in three grade levels, and identify low-performing schools and districts by determining whether schools were meeting proficiency goals.

The purpose of the NCLB Act, signed into law in January 2002, is to ensure all children have an equal opportunity to obtain a high-quality education and become proficient on state-defined academic achievement standards. To accomplish its purpose, the NCLB Act further amended the ESEA by revising, reauthorizing, and consolidating programs and extending the authorization of appropriations through federal fiscal year 2007.

The DoE is responsible for implementing State-level NCLB requirements. Within the DoE, the majority of NCLB funding is managed through two Division of Instruction bureaus. The Bureau of Integrated Programs is responsible for making the majority of formula and competitive grants accessible to school districts and other educational organizations. The Bureau of Accountability is primarily responsible for curriculum development, school assessment coordination and monitoring, school standards, and school improvement.

Annual federal NCLB funding for New Hampshire increased from approximately \$45.5 million in 2002 to \$70.5 million in 2006. The federal NCLB appropriation becomes available to the State in July of a given year. Once the DoE receives a federal grant award notification, it works with school districts and other educational organizations to make NCLB funds available. Funding for many NCLB Titles is available for a total of 27 months.

Results In Brief

DoE management is responsible for establishing control over the processes and practices used to make NCLB funding available to school districts and other educational organizations. We found the DoE has weak controls over its management of the NCLB funds coming into the State. Our audit presents 14 observations demonstrating these weaknesses with recommendations for strengthening the control environment.

Eleven observations focus on the lack of policies and procedures to guide the DoE in making NCLB funding available to the school districts and other educational organizations. Specifically, we found the DoE lacks guidance in the following areas:

- notifying eligible districts,
- processing and tracking documents submitted to the DoE by school districts and other educational organizations,
- documenting communications with funding applicants,
- following up with applicants not timely resubmitting corrected applications and budgets,
- timely processing grant authorizations once an application is approved,
- contacting eligible entities not submitting an application and budget,
- monitoring grants, and
- procuring services.

Lack of management controls in these areas increases the risk of breakdown in the processes and practices used at the DoE, which could result in delays implementing education programs benefiting New Hampshire school children and their parents.

In two observations, we recommend the DoE develop controls over its Grants Management System (GMS), also known as the Form 2 System, to help ensure information contained in each of the components of the system is reliable, valid, and appropriately safeguarded. Recognizing the age and importance of the GMS, we also recommend in another observation the DoE develop a business continuity and disaster recovery plan to help mitigate delays that might occur due to failure of a GMS component.

The DoE does not have a system to determine the effectiveness or efficiency of its many practices and processes. In our last observation, we recommend using the auditor position to perform reviews as required by statute. These reviews could provide objective analysis to assist management in making informed decisions about DoE processes.

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RECOMMENDATION SUMMARY

Observation Number	Page	Legislative Action May Be Required	Recommendations	Agency Response
1	17	No	Update the Federal Funds Financial Management Manual.	Concur In Part
2	19	No	Develop and implement grant award notification policies and procedures.	Concur
3	21	No	Develop and implement policies and procedures for processing and tracking documentation received from school districts.	Concur
4	22	No	Develop and implement policies and procedures for documenting communication with applicants.	Concur
5	23	No	Develop and implement policies and procedures for follow-up with school districts having unapproved NCLB formula grant applications and budgets.	Concur
6	24	No	Develop and implement policies and procedures to ensure timely processing of grant authorizations.	Concur In Part
7	26	No	Develop, document, and implement policies and procedures to improve timelines for processing formula grant applications and budgets.	Concur In Part
8	28	No	Develop and implement policies and procedures to contact school districts not applying for eligible grants.	Concur
9	29	No	Establish procurement policies and procedures.	Concur
10	31	No	Ensure G & C approval is appropriately obtained for contracts and provide documentation to support exempting school districts from G & C process.	Concur In Part
11	33	No	Improve program monitoring of NCLB grants.	Concur In Part

Recommendation Summary

Observation Number	Page	Legislative Action May Be Required	Recommendations	Agency Response
12	35	No	Implement information technology controls over the Form 2 System.	Concur In Part
13	37	No	Develop business continuity and disaster recovery plan for the Form 2 System and any other critical business system used by the DoE.	Concur In Part
14	39	No	Use audit office for internal audit functions.	Concur In Part

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OVERVIEW

On July 20, 2005, the Fiscal Committee approved a recommendation made by the joint Legislative Performance Audit and Oversight Committee (LPAOC) to conduct a performance audit of the Department of Education (DoE). We provided the LPAOC with a proposed scope for the audit on November 9, 2005. The LPAOC concluded the proposed scope did not address their concern and requested we provide additional information related to No Child Left Behind (NCLB), specifically a comparison of the NCLB Act to the Elementary and Secondary Education Act of 1965 (ESEA), NCLB financial tables, and conduct interviews with school superintendents around the State. A report, prepared with assistance from the DoE, containing the result of this work was issued in February of 2006. On April 3, 2006, the LPAOC directed us to conduct an audit of the DoE's efficiency and effectiveness at assisting school districts in accessing NCLB funds.

SCOPE, OBJECTIVES, AND METHODOLOGY

This performance audit was conducted in accordance with generally accepted government auditing standards applicable to performance audits and accordingly included such procedures as we considered necessary in the circumstances.

Scope And Objectives

We designed our audit to answer the following question – **How effective and efficient is the DoE at assisting local school districts in accessing NCLB funds?** Our analytical work focused on NCLB grant awards made during State fiscal year (SFY) 2006, however in some cases we reviewed other types of information, such as staffing data, going back to SFY 1998.

Methodology

We reviewed and analyzed documents and information related to the DoE including State laws and administrative rules, budget documents, DoE-issued manuals, reports issued by DoE consultants, and agency-produced reports. We also obtained and reviewed documents from the U.S. Department of Education (U.S. DoE), the U.S. Government Accountability Office, the Congressional Research Service, the Center on Education Policy, the Education Commission of the States, the National Conference of State Legislatures, and other states.

We conducted interviews with DoE personnel to gain information on the processes used to make federal formula and competitive grant funds available to school districts. We also contacted the New Hampshire School Administrators Association and the New Hampshire School Boards Association to obtain feedback regarding the DoE assisting school districts in accessing NCLB Title funds.

We sent mail surveys to the superintendents of the 82 school administrative units to obtain their opinions of how effective and efficient the DoE is at assisting the local school districts in

accessing NCLB Title funds. We received completed surveys from 70 superintendents; the aggregated survey results are contained in Appendix B.

We sampled 30 school districts and reviewed files associated with each of the Title programs for which the district was eligible to apply. We reviewed the files to determine the types of information contained in the files, issues that might affect timely processing of an application, the length of time from when funds become available (July 1) to when districts apply for the funds, and the length of time for the DoE to issue authorization for the school districts to expend the funds. Our work focused on the DoE and its efforts to assist school districts in accessing NCLB funds. It is important for the reader to understand the amount of funding going to a district may include funds passing through to charter or private schools.

BACKGROUND

Since passage of the ESEA, billions of dollars in federal grants have been authorized nationally to improve educational opportunities for the economically disadvantaged. The ESEA was reauthorized in 1994 through the Improving America's Schools Act (IASA). The IASA established assessment and accountability standards and allowed greater flexibility in expending federal aid. States were required to develop academic standards and test students' achievement of those standards in three grades.

The NCLB Act Of 2001

The NCLB Act of 2001 reauthorized and further amended the ESEA, building upon the IASA changes. The NCLB Act increased: 1) federal funding for ESEA programs, 2) local flexibility in how Title I-A grants can be spent, 3) assessment and reporting requirements, and 4) consequences of not meeting state-defined standards. Appendix C details NCLB Title numbers, names, and functions we used in our performance audit.

The Act "to close the achievement gap with accountability, flexibility, and choices, so that no child is left behind," commonly known as the NCLB Act of 2001, was enacted on January 8, 2002. It further amended the ESEA and expanded the federal government's role in kindergarten through grade 12 education by establishing the goal that all students achieve state-established standards for proficiency by the end of the 2013-2014 school year. Its intended purpose is to "ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach... proficiency on challenging State academic achievement standards and state academic assessments." According to the NCLB Act, this purpose is to be accomplished by:

1. ensuring academic assessments, accountability systems, teacher preparation and training, curriculum, and instructional materials are aligned with state standards;
2. closing the educational gap between high- and low-performing students and meeting educational needs of low-achieving students in high-poverty schools;
3. holding schools, local educational agencies, and states accountable for improving the academic achievement of all students;
4. identifying and turning around low-performing schools;
5. distributing and targeting resources sufficiently to where needs are greatest;

6. improving and strengthening accountability, teaching, and learning by ensuring students meets state achievement and content standards;
7. providing greater decision-making authority and flexibility to schools and teachers in exchange for greater responsibility for student performance;
8. promoting school-wide reform and ensuring students have access to effective, scientifically-based instructional strategies and challenging academic content;
9. elevating the quality of instruction by providing staff with significant opportunities in professional development; and
10. allowing parents more opportunities to participate in educating their children.

Although the NCLB Act has imposed new standards and testing requirements, states still have discretion in key areas. For instance, each state establishes the minimum number of students constituting a subgroup, develops its own standards of what students should learn, develops its own tests to measure if students are learning what they are supposed to learn, and establishes its own standard for proficiency. The standard for proficiency must be a uniform bar increasing at least once every three years, and finally culminating at the 100 percent proficiency level by 2014.

New Hampshire Department Of Education

The DoE, through its Office of Business Management (OBM) and the Division of Instruction, is responsible for implementing the State-level requirements of the NCLB Act. Figure 1 illustrates the distribution of these responsibilities within the Department.

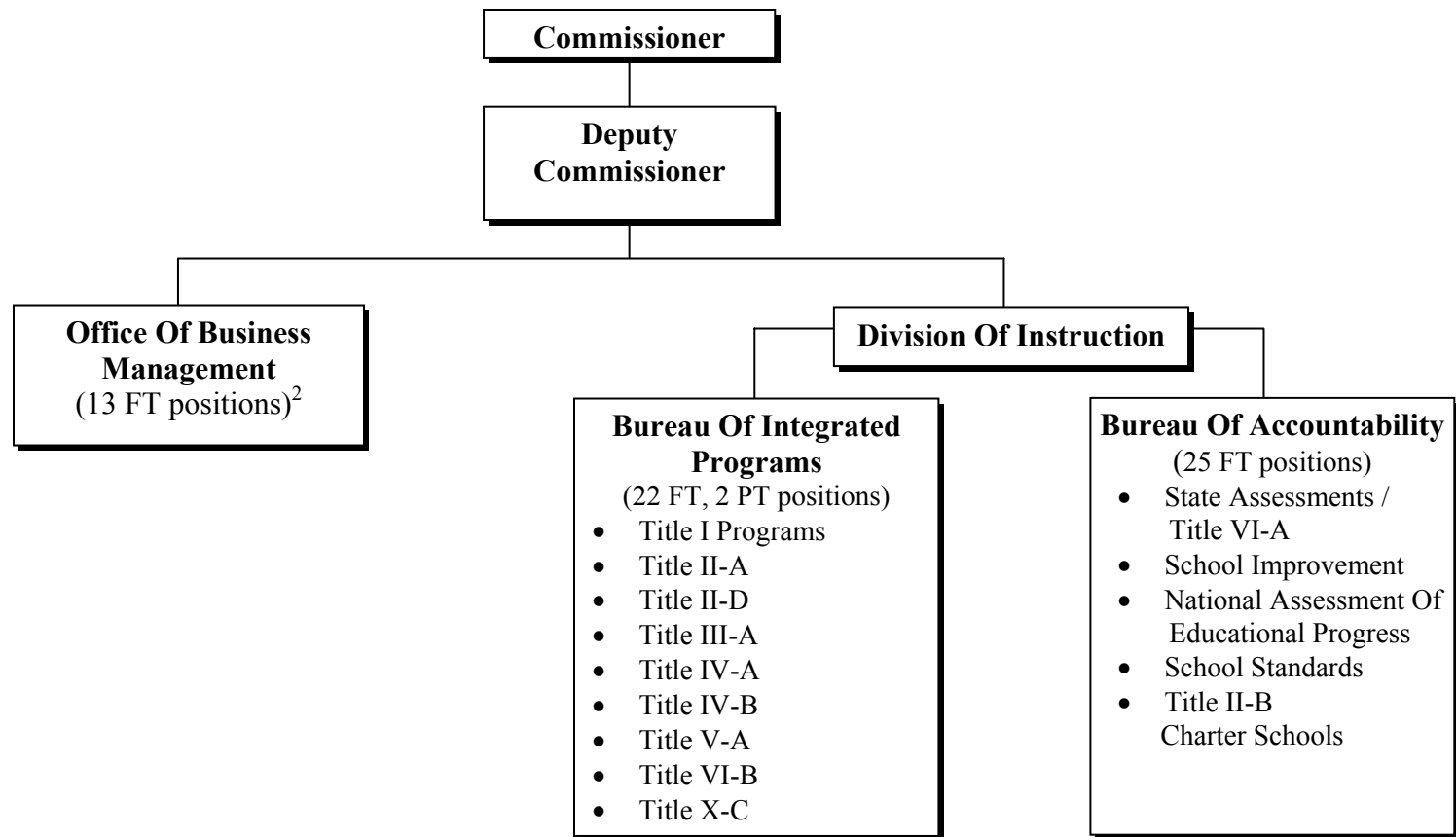
The OBM is responsible for budget preparation, accounts payable, contract processing, and general fiscal management. The OBM draws down federal funds and manages the accounting of NCLB grants through its Grants Management System (GMS). The OBM reimburses school districts quarterly for expenses incurred under NCLB programs. The OBM has 13 full-time positions, with two vacant as of September 2006. While OBM staff do not spend all of their time on NCLB, all positions are responsible for at least a portion of NCLB programs or funds.

As shown in Figure 1, the Division of Instruction administers NCLB through the Bureau of Integrated Programs and the Bureau of Accountability (BOA). The Bureau of Integrated Programs has 22 full-time positions and two part-time positions. As of October 2006, two full-time and two part-time positions were vacant.

The BOA is responsible for curriculum development, school assessment coordination and monitoring, school improvement, and school standards. It also administers the development of student assessments required by NCLB, reports on whether schools and school districts achieve the required adequate yearly progress, and coordinates school improvement programs for schools and school districts classified as “in need of improvement” for not making adequate yearly progress. The BOA receives funding under Title VI-A of NCLB to develop State assessments, administers Title II-B funds for institutes of higher education, and also receives one-time NCLB grants for charter schools and alternate assessments. The BOA currently has 25 full-time positions.

Figure 1

**DoE Organization Of NCLB Responsibilities
As Of Fall 2006¹**



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Notes: ¹FT: Full-time, PT: Part-time

²The Office as a whole has 13 FT positions, 11 of which have been filled and two have been zero-funded. All staff have responsibilities including NCLB programs and funds.

Source: LBA analysis of Department of Education information.

NCLB And DoE Staffing

The total number of positions in the DoE has increased since SFY 1998. As shown in Table 1, the DoE had 308 positions in SFY 1998 and increased to 321 positions in SFY 2007. While the number of positions increased, the DoE also saw significant changes in how its positions are funded. General Fund positions increased from SFYs 1998 to 2003, and then began decreasing in SFY 2004 to the current 69 positions in SFY 2007. At the same time, the number of positions that are federally funded and positions funded through other sources began to increase. The number of federally funded positions increased from 207 in SFY 1998 to 230 in SFY 2007 and positions funded through other sources increased from 14 in SFY 1998 to 22 in SFY 2007.

Table 1

**DoE Positions By Funding Source
State Fiscal Years 1998-2007**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund	87	87	89	90	93	93	86	86	69	69
Federal Funds	207	207	208	207	210	210	217	221	230	230
Other ¹	14	14	14	14	14	14	15	15	23	22
All Positions	308	308	311	311	317	317	318	322	322	321

Notes: ¹Positions include those funded by fees collected by the DoE.

Source: Unaudited DoE information.

The change in the number of General Fund positions may be the result of Executive Orders issued since June of 2000. As shown in Table 2, three orders required a decrease in the General Fund and three orders resulted in hiring freezes for General Fund positions. Increased budget constraints resulted in abolishing 21 General Fund positions since July 1, 2001.

The DoE added 15 positions as a result of NCLB funding increases. Twelve positions were added to the BOA, one was added to the Bureau of Integrated Programs, and two were assigned to the Division of Program Support. The Bureau of Integrated Programs has maintained a consistent number of staff over the years, however, fluctuating slightly based upon federal allocations.

Table 2

Staffing And Budget-Related Executive Orders Issued Since June 2000

Executive Order Numbers	Purpose Of Orders	Amount Of General Fund Decrease For DoE	Period Orders In Effect
2000-8	General Fund Decrease	\$349,457	6/17/00 - 6/30/01
2002-2	Hiring Freeze of General Fund Positions		3/13/02 - 6/30/02
2002-5	General Fund Decrease	\$255,364	6/12/02 - 6/30/03
2003-1	Hiring Freeze of General Fund Positions		1/15/03 - 6/30/03
2004-2 ^A	Hiring Freeze of General Fund Positions		3/24/04 - 6/30/04
2004-3	General Fund Decrease	\$184,449	3/24/04 - 6/30/04

Note^A: If a General Fund position became vacant while this Executive Order was in effect, it remained vacant for the 2004-2005 biennium.

Source: LBA analysis of Executive Orders issued by the Governor.

NCLB Funding

The Bureau of Integrated Programs administers NCLB formula and competitive grant programs under Titles I, II, III, IV, V, VI, and X. See Appendix C for the listing of NCLB Titles the Bureau of Integrated Programs assists school districts in accessing. The Bureau calculates formula grant amounts, develops requests for proposal (RFP) for competitive grants, notifies school districts of grant eligibility, reviews grant applications and RFPs, provides program technical assistance, and maintains files on the approved projects.

The total NCLB funding authorized to the State increased steadily from \$45.5 million in SFY 2002 to \$70.5 million in SFY 2006. The funds allocated to school districts also increased over time, from approximately \$60 million in 2002 to approximately \$104 million, including carryover funds, in 2006. Depending on the year, school districts expend between 50 and 72 percent of their available NCLB funds. However, since 2002, over \$1 million out of a total of \$307 million available (0.3 percent) has lapsed back to the federal government. Table 3 illustrates the NCLB funding authorized and expended by both the State and local educational agencies (LEAs).

Table 3

**Federal NCLB Funds Allocated To DoE
State Fiscal Years 2002-2006¹**

<i>All No Child Left Behind Programs Summary Totals</i>		<i>State Fiscal Year</i>				
A	Current Fiscal Year Authorization	\$ 45,532,482	\$ 56,037,938	\$ 65,756,505	\$ 69,118,003	\$ 70,547,101
B	Carryover From Previous Fiscal Year	17,743,505	25,839,481	37,315,964	43,817,274	48,347,051
C	Total Available Funds (A + B)	\$ 63,275,987	\$ 81,877,419	\$ 103,072,469	\$ 112,935,277	\$ 118,894,152
D	Allocated To State	\$ 3,378,512	\$ 8,053,910	\$ 12,958,803	\$ 16,091,785	\$ 14,956,030
E	Expended By State For Administration	1,344,180	1,908,757	2,414,554	2,614,247	3,726,509
F	Expended By State For Contracts	47,004	365,369	3,179,746	4,127,908	5,470,222
G	Total Expended By State (E + F)	\$ 1,391,184	\$ 2,274,126	\$ 5,594,300	\$ 6,742,155	\$ 9,196,731
H	State Allocation Lapsed To U.S. DoE	483	\$ -	\$ 2,764	\$ 35,796	\$ 260,120
I	State Allocation Carried Over To Next Fiscal Year (D-G-H)	\$ 1,986,846	\$ 5,779,784	\$ 7,361,739	\$ 9,313,835	\$ 5,499,179
J	Allocated To LEAs	\$ 59,897,471	\$ 73,823,509	\$ 90,113,666	\$ 96,843,491	\$ 103,938,120
K	Expended By LEAs	35,994,235	42,106,393	53,579,792	57,460,440	75,270,144
L	LEA Allocations Lapsed To U.S. DoE	50,606	180,939	78,339	349,836	72,203
M	LEA Allocations Carried Over To Next Fiscal Year (J-K-L)	\$ 23,852,629	\$ 31,536,177	\$ 36,455,534	\$ 39,033,215	\$ 28,595,772
N	Total Expended By State And LEAs (G + K)	\$ 37,385,419	\$ 44,380,519	\$ 59,174,092	\$ 64,202,594	\$ 84,466,876
O	Total Allocations Lapsed To U.S. DoE (H + L)	51,089	180,939	81,103	385,631	332,323
P	Total Allocations Carried Over To Next Fiscal Year (I + M)	\$ 25,839,481	\$ 37,315,964	\$ 43,817,274	\$ 48,347,051	\$ 34,094,953

Note¹: Totals may not add due to rounding.

Source: Unaudited DoE information.

2002

2003

2004

2005

2006

Formula And Competitive Grant Award Processes

The federal appropriation of NCLB grant funds occurs around October 1, the beginning of the federal fiscal year. While funds are appropriated in October, they are not available for use by the State or local districts until nine months later, July 1. Funds are initially available for 15 months (July to September of the next year). In addition to the 15 months of initial availability, the Tydings Amendment provides for an additional 12 months (October to September of the next year) of availability. However, school districts receiving over \$50,000 of Title I funds may only carryover 15 percent of Title I funds from year to year. Carryover amounts for other Titles not expended during the first 12 months of authorization are carried over to the next year. Figure 2 illustrates NCLB funding timelines.

The U.S. DoE provides preliminary formula and competitive grant award notifications in the spring, with final notifications provided in late spring. Upon receiving the preliminary notification for formula grant awards, the DoE prepares the preliminary formula grant allocations to provide districts with an estimate of their potential grant award. The DoE prepares the final allocations to the districts once the U.S. DoE provides the final grant award notification. The U.S. DoE provides the formulae the DoE uses to calculate the amounts for each district.

Around the same time preliminary grant award notifications are available, the DoE offers training on the formula grant application process. This training covers the consolidated application, budget submissions, fund transfers, and any other information the DoE determines the districts need as they apply for the various formula grants.

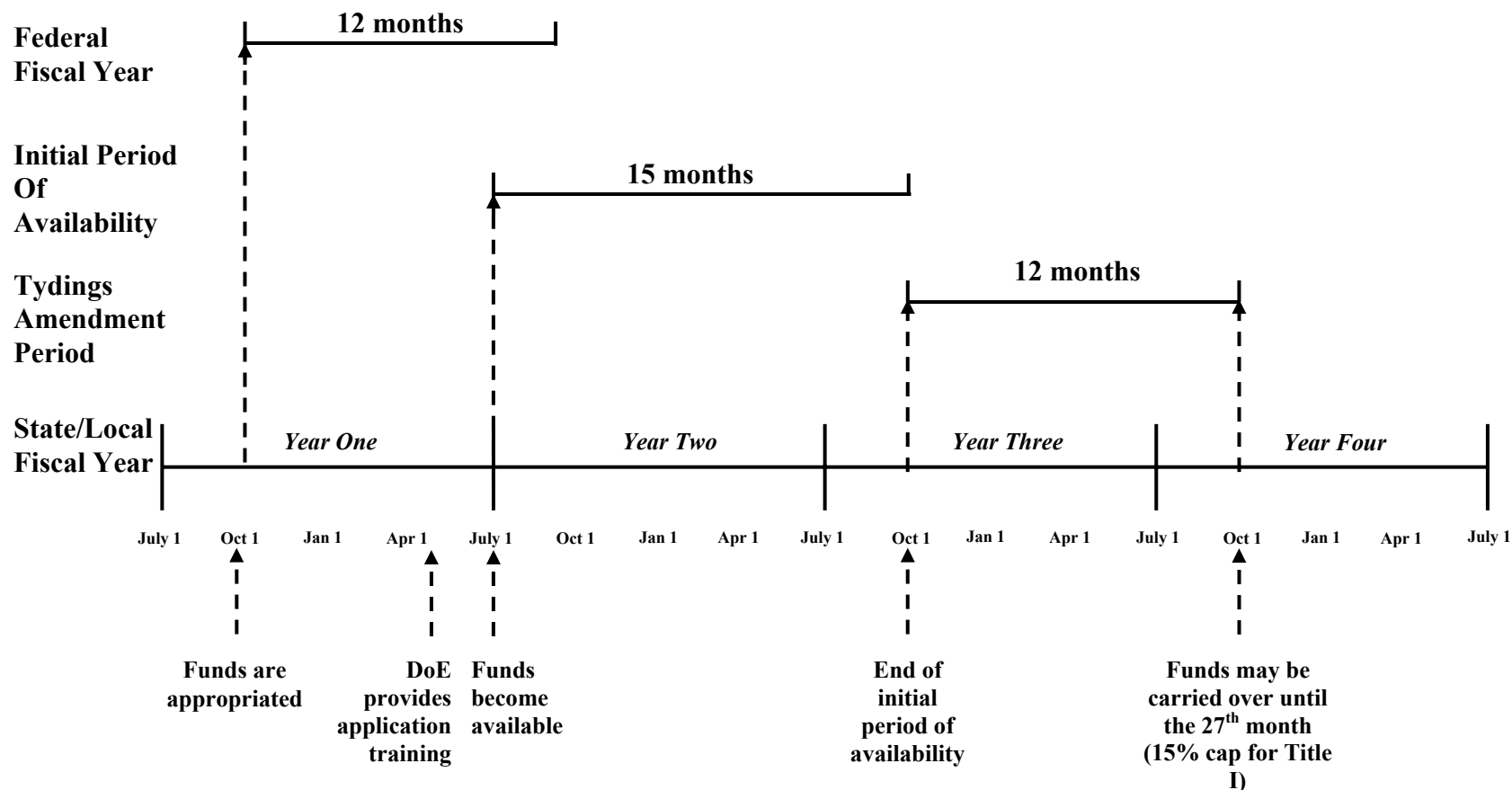
Once school districts receive notice regarding preliminary allocations for formula grants, they begin submitting applications to the DoE. Applications detail districts' proposed activities and estimated budgets. NCLB funding is provided to districts on a reimbursement basis. For some Titles, districts tend to apply earlier in the school year; therefore those districts are eligible for reimbursement at an earlier date. As shown in Table 4, most Title I-A and Title II-A applications were received by the DoE during the first quarter of SFY 2006. Half of the Title IV-A applications were received by the DoE during the first quarter, but nearly a third were received during the second quarter. The DoE received just over half of the Title V-A applications during the first quarter and roughly 15 percent in each of the second and third quarters.

Only two Titles use electronic applications. Title II-A applicants submit a web-based application and Title II-D applicants submit applications via electronic mail. School districts are still required to provide paper copies with the appropriate original signatures, and DoE personnel still have to input data from the applications into the electronic GMS. Applying to the other formula grant Titles involves submitting paper applications. The DoE reviews applications and budgets for completeness and appropriateness of proposed activities. This process of reviewing applications and budgets can go back and forth between the school district and the DoE several times because the forms used must be complete, accurate, and contain an original signature before proceeding with the grant process.

The DoE uses the GMS to track the budgets corresponding to the approved district applications. The GMS consists of four forms, which track a project's budget from

Figure 2

Availability Of Federal Education Formula Grants



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Source: LBA analysis of DoE and Education Funding Research Council data.

the time of its proposal through reimbursement to the district. As shown in Table 5, the four forms have specific purposes.

Table 4

**School District Applications For NCLB Funds
Percent Received By Quarter
State Fiscal Year 2006**

	Prior To 1st Quarter (Before 7/1)	1st Quarter (7/1 to 9/30)	2nd Quarter (10/1 to 12/31)	3rd Quarter (1/1 to 3/31)	4th Quarter (4/1 to 6/30)
Title I-A	17	78	4	2	0
Title II-A	10	68	13	6	2
Title IV-A	12	50	32	4	3
Title V-A	9	55	15	16	5

Note: These titles were chosen because the DoE keeps centralized information on application receipt for these programs.

Source: LBA analysis of applications received by DoE.

Table 5

DoE Grants Management System

General Name	Formal Name	Purposes
Form 1	Project Application Budget and Designation of Application Manager/Project Manager	<ul style="list-style-type: none"> • First document districts submit to request funds • Provides project manager contact information and a budget summary by object and function codes
Form 2	Project Approval/ Funding Authorization for SAU/RA# ¹	<ul style="list-style-type: none"> • DoE's formal authorization to district/SAU to legally obligate funds during the approved project period • Provides project number for district/SAU to use when corresponding with the DoE
Form 3	Project Status Report	<ul style="list-style-type: none"> • Used by district/SAU to report obligations and disbursements to DoE
Form 4	Quarterly Financial Report of Approved Projects	<ul style="list-style-type: none"> • Districts/SAU submit to DoE at end of each quarter to be reimbursed for project expenses

Note¹ RA#: Reporting Agency Number

Source: LBA analysis of DoE documentation.

Each formula Title managed through the Bureau of Integrated Programs has a version of the GMS used for approving projects and budgets, changing budgets, and tracking carryover amounts. The GMS is not networked. Once a project and its budget are approved, a Form 2 or *Project Approval/Funding Authorization for SAU/RA#* form is generated. The Form 2 is the authorizing document for school districts to obligate project funds.

The DoE Office of Business Management (OBM) also uses a version of the GMS. The OBM receives a paper copy of the Form 2 from the Bureau of Integrated Programs and must re-enter data. As the school year progresses, school districts submit Forms 3 and 4 updating the DoE on the status of the activities and funds spent. The Form 3, containing obligations and disbursements, is compared to the Form 2 to ensure funds are obligated and/or disbursed as originally approved. The Form 4 is submitted to the DoE on a quarterly basis. As the OBM receives these reports, it processes the financial information and reimburses the school district. The OBM provides copies of the Forms 3 and 4 to Bureau of Integrated Programs staff.

Beginning in SFY 2006, the DoE actively and consistently encouraged districts to use carryover funds from previous years. If districts advise the DoE they do not plan to access funds they are eligible for, the DoE reallocates the funds to districts that will use the funds.

The competitive grant process begins in the same manner as the formula grant process, with the U.S. DoE providing grant allocations to the DoE. Once the DoE is aware of the preliminary competitive grant amounts it begins to determine eligibility to compete for the grants and prepares an RFP. Once finalized, the RFP is issued and posted on the DoE website. Depending on the program, competitive grants may be available to school districts and community organizations, or only to school districts. The DoE holds a bidder's conference and reviews the submitted RFPs.

Competitive grants awarded to school districts are tracked similarly to formula grants using the Form 2 and submission of quarterly reports by school districts. However, Governor and Executive Council (G&C) approval is needed for community organizations to receive competitive grants. The DoE prepares the contract and letter to the G&C.

Preparing contracts for G&C may be a lengthy process. The contract and G&C letter are generally prepared by bureau staff and forwarded to the Division Director for review and approval. If changes are needed, the letter is sent back to the originating office before being sent to the OBM. The OBM reviews the letter and sends it back to the Division office if changes are necessary. After OBM approval, the letter is forwarded to the DoE Commissioner for approval; it is then sent to the Division of Personnel and the Attorney General's Office for approval, before being sent to G&C. Once approved by G&C, the grant commences and grant funds are paid out to the community organization.

Significant Achievements

Performance auditing by its nature is a critical process, designed to identify weaknesses in past and existing practices and procedures. We mention here successful and positive practices we have observed and for which sufficient documentation is available.

Follow The Child Initiative

Follow The Child is an initiative to help schools and teachers foster student aspirations to promote student achievement through emphasizing personalized learning and assessment. Expanding upon the spirit of No Child Left Behind, *Follow The Child* focuses on measuring growth in the personal, social, physical, and academic facets of each student's life and defining the necessary support systems needed for each student's success. This initiative helps preserve the individual education of each child as the defining purpose of New Hampshire's educational system.

Follow The Child is not a prescribed set of uniform measures, but rather a vision for child-centered learning that can be met as each district and school best sees fit. This combination of high expectations and flexibility helps to maintain the diverse, local character of education in New Hampshire.

The New Hampshire State Board of Education has defined a framework for *Follow The Child* in its standards for school approval and several districts and schools have already committed to participate in *Follow The Child*. Additionally, the DoE has submitted a proposal to the U.S. Department of Education for a growth model that is consistent with the *Follow The Child* initiative. The U.S. DoE is accepting growth model proposals from the states to address concerns NCLB adequate yearly progress requirements do not provide "credit" for getting low performing students on track toward proficiency.

New England Common Assessment Program (NECAP)

As part of meeting the assessment requirements of NCLB, the DoE worked with Vermont and Rhode Island to develop assessments to be used by all three states. The first round of NECAP assessments was administered in grades three through eight in October 2005. Grade 11 NECAP assessment is being field-tested and will be administered in October 2007 for the first time. Questions for the Science NECAP assessment are being tested with plans to field-test the assessment during the 2007-2008 school year and implementation at three grade levels in 2008.

Nationally, the NECAP has been praised in *Education Week* as a cost effective method to gauge student learning based on a set of Grade Level Learning Expectations. Not only will the test results provide data on New Hampshire students but it will also provide a comparison of NH students to those in Vermont and Rhode Island.

**STATE OF NEW HAMPSHIRE
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MANAGEMENT CONTROLS

Management controls provide reasonable assurance an organization achieves its goals and safeguards public resources. Controls are an integral component of an organization's operations and management, providing reasonable assurance operations are effective and efficient, financial reporting is reliable, and entities comply with applicable laws and regulations. Controls span all aspects of an organization's operations and must be continually assessed and updated to reflect changes in the operating environment. Management control is not a separate system within an agency. Management controls aid organizations in accomplishing their mission, improving accountability, and minimizing operational problems through effective stewardship of public resources. Management is responsible for developing the detailed policies and procedures to operationalize controls. Management sets the objectives, puts the control mechanisms and activities in place, and monitors and evaluates controls.

The management control structure is weakened by the lack of documented policies and procedures or use of outdated policies and procedures. Outdated or nonexistent written policies and procedures impact management and staff ability to determine if practices are effective and efficient, may increase the organizational difficulties during times of staff turnover, and may cause delays in processing applications and budgets resulting in frustration or confusion for those organizations working with the Department of Education (DoE) to access No Child Left Behind (NCLB) funds.

NCLB Funding Policies And Procedures

The majority of the following observations note areas where the DoE must develop and implement written policies and procedures to ensure effective grants management. The DoE should develop and implement policies and procedures regarding grant award notification, processing and tracking documentation received from school districts, documenting communications with applicants, following up with school districts with unapproved applications or budgets, ensuring timely processing grant authorizations, documenting communications with districts not applying for NCLB funding, procuring services, and obtaining Governor and Executive Council (G&C) contract approval. We also recommend the DoE establish timelines for processing formula grant applications and budgets.

Observation No. 1

Update The Federal Funds Financial Management Manual

The DoE's *Federal Funds Financial Management Manual* has not been updated since 1985, even though DoE management and staff reported the Manual is still used internally and by school districts. The intent of the Manual is to provide guidance to New Hampshire education organizations on applying for federal funds; document and account for transactions associated with federally funded programs; and promote the single audit concept. However, the Manual contains a number of outdated items including references to law, examples of forms, and dollar thresholds for agency procurements. To be a useful tool, the Manual needs to remain current.

In response to a finding contained in our *Department Of Education Financial and Compliance Audit For The Year Ended June 30, 2000* related to the need for procedures to minimize time between advancing funds to and disbursing funds by sub recipients, the DoE indicated it would update the Manual “to reflect current federal regulations and Department practices.” The Department of Administrative Services’ audit follow-up work completed March 2004 found the DoE internal auditor was in the process of updating the Manual and would be completed by June 30, 2004. In May 2006, DoE personnel indicated the Manual still had not been updated.

While the DoE auditor is assigned the task of updating the Manual, this has not occurred. The internal auditor position has experienced turnover in the last few years; however there was an internal auditor holding the position from September 2003 until June 2004, when the updated Manual was due to be completed. Additionally, another internal auditor started in July 2004 and held the position until March 2006. The DoE hired a new auditor in August 2006.

Lack of a manual to reflect current policies and procedures for completing the various forms, including the Office of Business Management (OBM) forms (e.g., Form 1, Form 2), to obtain federal funding could result in confusion, delays, and extra work for all involved. For example, it is important for districts to accurately complete a Form 1 when applying for federal funds. Mistakes in the Form 1 will delay the issuing of the Form 2. According to the Manual, the Form 2 is considered the only legal document providing official notification of grant awards and fund authorization to the districts. Even though the Manual is outdated, the DoE’s Bureau of Integrated Programs does provide instructions on how to fill out the Form 1 at its annual consolidated application training. Additionally, the DoE’s OBM does provide supplemental packets to aid districts in completing required forms.

Proper guidance is necessary for district staff to accurately and timely fill out required applications for federal funds and for DoE staff to review the applications. One DoE official suggested waiting for implementation of the statewide Enterprise Resource Planning (ERP) system, as it will create changes related to grant management that may impact the content of procedures in an updated manual. It is unclear how the ERP will impact procedures used to make federal funding available to school districts. Regardless, because of uncertainty in the timing and detail of the ERP system, procedures should be written and implemented now rather than awaiting possible changes with the ERP. Without the aid of a thorough, updated manual, the DoE risks delays in making federal funding available to the school districts.

Recommendations:

We recommend DoE management update the Manual to reflect current practices and requirements. Where possible, when updating the Manual consider how the ERP may impact the DoE and develop practices and requirements to reflect the impact of ERP. If the internal auditor position turnover is the reason for delays to updating the Manual, management should consider assigning the task to other DoE personnel to complete.

Auditee Response:

We concur in part with the observation. The Manual has not been fully revised for a number of years. The Deputy Commissioner, in cooperation with the Business Manager, has charged the Agency Audit Manager the task of the revision. The intent is to have a document that can be updated and amended as changes in state and federal law occur. In addition, this document will be available on the Department's web site and will serve as guidance to train LEAs in the grants management policies and procedures.

Also, the Deputy is convening a group of individuals from the Department who will look at the total grants process – this review will result in changes that will be part of the Manual.

<i>Step</i>	<i>Action</i>	<i>Expected Date of Implementation</i>
<i>1.</i>	<i>Complete revisions of the Federal Funds Financial Management Manual</i>	<i>February 2007</i>
<i>2.</i>	<i>Department staff to meet and review policies and procedures</i>	<i>February 2007</i>

Observation No. 2

Implement Grant Award Notification Policies And Procedures

The DoE lacks documented policies and procedures for notifying school districts of grant eligibility. DoE personnel reported electronic mail was the most common method for notifying school districts of grant eligibility. However, not all programs indicated using electronic mail to notify school districts. Responses to our survey indicated the DoE notifies school districts of NCLB grant eligibility in a variety of ways, including electronic mail, paper letters, the DoE website, and to a lesser degree by telephone. However, our survey of superintendents found only 55 percent are satisfied or very satisfied with the DoE's ability to inform districts of available NCLB funding. Eighteen percent also indicated their school districts do not apply for NCLB funds because they are unaware of the available funds.

Not having consistent policies and procedures regarding notification of grant eligibility increases the risk the DoE may fail to notify a school district of all grants. Additionally, relying on electronic mail for notifying school districts of grant eligibility may be ineffective when staff turnover in school districts occurs, particularly if the DoE does not maintain or have updated contact information.

Recommendation:

We recommend DoE management develop and implement documented policies and procedures identifying the means the DoE will use to help ensure school districts are notified of grant eligibility. The DoE may want to consider a practice requiring the school

district identify at least one position, in addition to the superintendent, to receive all correspondences involving grants.

Auditee Response:

We Concur. The No Child Left Behind Act has defined regulations for the disbursement of funds. The NH Department of Education is obligated to follow procedures as defined in the legislation; therefore, it may appear that there are inconsistencies in the manner in which the various funds are disbursed. The Department has followed a similar protocol for many years in its notification to school districts: (1) Allocations are established as soon as notification is received from the US Department of Education; (2) The Department holds statewide information sessions regarding the application process; (3) Entitlements are posted on the Department's web site; and (4) Project Managers are alerted to allocation amounts. The audit findings are similar in nature in that they address various aspects of federal grants management which the Department should address. Many of the responses to these findings will be the same as we are looking at creating a holistic approach to federal funds management both internally and externally. Specific to this finding, the Department will develop a protocol for all Educational Consultants and Program Assistants who manage federal funds which are available to all local educational agencies (LEA) in New Hampshire. It is important to note that the local districts should also be aware of federal legislation and what federal programs they could access. However, the Department will be more directive in letting the LEAs know about the availability of funds, the criteria to apply for the funds, and the purposes for which the funds can be used. The Department consistently provides information to Superintendents via email and letters. Because Superintendents may not review the information, it sometimes does not get dispersed to the appropriate individuals. The Department will raise that issue with Superintendents and discuss ways in which information can be more readily accessed. Another issue remains in terms of carryover funds based on the current system that allows for 90 days to "clean up" invoices, etc. Once the Department has closed a project, there is a need to notify districts of the amount available as result of the closing of a project. This timeline will vary depending upon each district's projects dates. We are discussing establishing deadlines for applications in order to assure better access to funds. In the past, hard deadlines were in place but that was adjusted based on late notifications of funding from the US Department of Education.

Timeline: This protocol will be developed by a cross bureau Grants Management Team and be implemented as soon as possible but with a guaranteed implementation date by the next fiscal year which begins July 1, 2007.

The finding also recommended that the Department identify one position in addition to the Superintendent who should receive all correspondence regarding grants. This practice is done now, in part, as most every district has someone designated as the Federal Project Manager. Often it is the Business Administrator who might not be as familiar with the opportunities. In other districts there may be more than one person identified who relates to one or more of the federal titles and thus does not focus on all of the titles. The Department will work with the Superintendents Association to discuss a protocol for identifying a single point of contact. This will be part of the plan described above.

<i>Step</i>	<i>Action</i>	<i>Expected Date of Implementation</i>
1.	<i>Meeting with Superintendents to discuss better notifications of funds.</i>	<i>January 2007</i>
2.	<i>Updated Handbook</i>	<i>February 2007</i>
3.	<i>Establish deadlines for grant submission.</i>	<i>May 2007</i>
4.	<i>Defined procedures for notifying districts of available funds, to include new and carryover amounts.</i>	<i>May 2007</i>

Observation No. 3

Implement Policies And Procedures For Processing And Tracking Documentation Received From School Districts

The DoE lacks documented policies and procedures for processing and tracking applications, budgets, and other documentation submitted by school districts. The DoE records the receipt of a school district’s original application and Form 1 on a centralized tracking sheet for some, but not all, NCLB formula grant programs. An April 2000 memorandum issued by the DoE internal auditor made reference to the initial Form 1 being kept in the file because it is date stamped. We found not all files contained date stamped documents. We also found in some cases the centralized tracking sheet date differed from date stamps on applications, and in some instances we found files containing applications, yet the centralized tracking sheet did not have a receipt date.

If school districts need to make corrections and resubmit documents, the resubmitted documents go directly to the DoE personnel working in the specific NCLB formula grant program. As a result of DoE personnel using various procedures, the resubmitted documents do not consistently contain a date stamp showing when the document was received. Additionally, resubmitted documents are not entered on the centralized tracking sheet used for initial submissions.

For school districts requesting to transfer funds between formula grant programs, approval from all programs involved with the transfer is required. The DoE does not clearly track those particular applications to ensure they are reviewed timely and do not get lost in the “shuffle.” Our file review found delays in processing the Form 2 once the application was approved. A DoE administrator suggested a possible reason for delays might be not all programs involved with the transfer had provided sign off.

Recommendation:

We recommend DoE management develop, document, and implement policies and procedures to efficiently process and track documents submitted by school districts.

Auditee Response:

We Concur. Each district has a Title project folder. At least 90% of all correspondence which comes into the department is date stamped. It is true that the date the material is received might not be the date it is logged on a centralized tracking sheet. That has more to do with work load than anything else. This practice can be tightened up by developing a record protocol with specific direction on logging in material that completes the application and the file. This will be part of the overall Grants Management Plan.

The Department has been working on separating the program approval process from the Form 1 sign off process as the latter seems to be causing the delay in districts actually beginning to implement their programs. When the Department created the current grants management protocol, the districts were told that they could not expend funds without a fully executed Form 2. This process will be reviewed so that program approval will allow districts to expend funds while the technical details of the Form 1 are being resolved. Again this process will be governed by a processing timeline which includes follow up from Federal Program Managers to districts to insure they "are not lost in the shuffle." All processes will be documented so that everyone who manages federal funds will follow the same timelines. Both the Education Consultant who manages the specific funds and the Program Assistant will have access to a data log which should improve communications to districts when requesting additional paperwork or other supporting materials.

Timeline: This might take more time to implement due to varying dates when different programs begin. It is anticipated that we can begin with the next fiscal year which begins July 1, 2007; however, it might not be fully implemented until November 2007. We will need to give the local school districts time to adjust their application schedule as well. Training for LEAs is an important feature of all of this work.

Observation No. 4

Implement Policies And Procedures For Documenting Communication With Applicants

The DoE lacks written policies and procedures regarding documenting communication between the school districts and the DoE for formula grant applications and budgets. DoE staff review formula grant applications and budgets and inform school districts if corrections are needed. Our file review found 22 of 26 school districts applying for Title I-A formula grants had at least one contact from the DoE requesting additional information or requiring corrections to submitted documents. We had similar findings for Title II-A (28 of 30 districts applying had at least one contact from the DoE), Title II-D (10 of 22 districts applying), Title III-A (seven of eight districts applying), Title IV-A (20 of 26 districts applying), and Title V-A (17 of 27 districts applying).

The methods of documenting contact with school districts included handwritten notes on submitted documents, Post-It notes, copies of electronic mail messages, and letters. Some files contained more than one form of contact with the school district. For some of the files, it was

difficult to determine when, if at all, the DoE contacted the school district and the numbers we report may represent less contact between the DoE and school districts than actually occurred.

Lack of documentation demonstrating communications between DoE staff and school district personnel makes it difficult to determine issues or concerns being discussed regarding the programs and complicates the ability to clearly identify potential training needs for DoE staff and school district personnel.

Recommendation:

We recommend DoE management clearly document and implement policies and procedures to ensure files contain well-documented communications with school district personnel regarding applications and budgets.

Auditee Response:

We Concur. Please see previous response. This recommendation addresses the same concerns as Observation No. 3 in that it is the second part to the process outlined in that observation. The tracking protocols will also document all communication with LEAs. E-mail is an acceptable practice and hard copies will be included in all project files. There will also be a call log in the file indicating the date, time, and person contacted.

Timeline: This protocol will be developed by a cross bureau Grants Management Team and be implemented as soon as possible but with a guaranteed implementation date by the next fiscal year which begins July 1, 2007.

Observation No. 5

Implement Policies And Procedures For Follow-Up With School Districts Having Unapproved NCLB Formula Grant Applications And Budgets

The DoE lacks documented policies and procedures regarding follow-up with school districts needing to make corrections to the formula grant application or budget. DoE staff review formula grant applications and budgets and inform school districts if corrections are needed. Once the DoE notifies a school district of needed corrections to an application or budget, there is no evidence in the files indicating the DoE follows up when a school district does not resubmit a corrected application or budget.

Our file review found the DoE commonly requests school districts make corrections to applications and budgets. For Title I-A formula grants, 22 of 26 school districts had at least one contact from DoE requesting additional information or corrections to submitted documents. We had similar findings for Title II-A (28 of 30 districts applying had at least one contact from DoE), Title II-D (ten out 22 districts applying), Title III-A (seven of eight districts applying), Title IV-A (20 of 26 districts applying), and Title V-A (17 of 27 districts applying).

However, the process for notifying the school district varied from title to title as well as school district to school district. The files contained the following types of communication showing the school district had been contacted regarding the need for corrections: electronic mail, telephone (indicated by handwritten notes), and letters. Some files contained more than one form of contact with the school district. For some of the files, particularly those with handwritten notes, it was difficult to determine when the DoE contacted the school district because dates were not always used.

Recommendation:

We recommend DoE management develop, document, and implement policies and procedures for conducting follow-up with school districts not resubmitting applications or budgets within a predetermined timeframe to assess if the school district plans to apply for the funds.

Auditee Response:

We Concur. Again this observation addresses one phase of the application process and the communication back to the LEAs. The same protocol which is developed to notify districts of changes needed in their application will be followed. One significant difference in this protocol will be that the Education Consultant who is responsible for the management of the particular funds will be the contact to notify the district that they have not re-applied (if this is the situation) to be sure they do not have any programmatic questions which are preventing them from applying. It is our intent to make this process much more transparent for districts so that they can access information on line that currently is not available to them. Also, further training for districts is imperative. LEA staff changes leave misunderstandings about how the application process works. Training can help to smooth the transition for new employees at the local level who are responsible for program grants.

Timeline: This protocol will be developed by a cross bureau Grants Management Team and be implemented as soon as possible but with a guaranteed implementation date by the next fiscal year which begins July 1, 2007.

Observation No. 6

Implement Policies And Procedures To Ensure Timely Processing Of Grant Authorization

The DoE lacks documented policies and procedures to ensure timely provision of a Form 2 so school districts can start spending NCLB grants. According to the DoE's Federal Funds Financial Management Manual, the Form 2 is considered the only legal document providing official notification of grant awards and fund authorization to the districts. In fact, at the October 18, 2006 Fiscal Committee meeting, the Deputy Commissioner stated the Form 2 "denotes the authorization to expend."

Based on a review of fiscal year 2006 files, we found it took on average anywhere from 36 days (Title III-A) to 98 days (Title II-A) to issue a Form 2 from the date of the DoE's initial receipt of

a school district’s application and budget. Some of the delay in processing applications and budgets may be attributed to school districts not providing corrected information to the DoE timely. See Table 6 for more information on calendar days to issue a Form 2.

Table 6

Timeliness Of Form 2 Issuance

NCLB Title Program	Number of Files Reviewed	Average Number of Calendar Days	Minimum Number of Calendar Days	Maximum Number of Calendar Days
Title I-A	26	67	10	135
Title II-A	29	98	32	205
Title II-D	19	70	0	170
Title III-A	8	36	11	66
Title IV-A	21	86	32	295
Title V-A	26	68	19	239

Source: LBA analysis of DoE application files.

We also found *instances where the Form 2 was not issued for a week or more* after the DoE had approved the school district’s application and budget. We specifically reviewed Title I-A, Title IV-A, and Title V-A files because most files contained clear approval dates. For Title I-A 21, of 24 (88 percent) files had a Form 2 issued at least a week after approval, Title V-A had 15 of 24 (63 percent) files with a Form 2 issued at least a week after approval, and Title IV- A had only three of 23 (13 percent) files with a Form 2 issued at least a week after approval.

When asked about the delays in issuing the Form 2, a DoE administrator indicated the Title I-A Grants Management System (GMS) had failed and that this could explain some of the delays in issuing the Form 2. Title V-A Form 2 delays could be the result of school districts requesting to transfer funds into Title V-A and the requirement transfers contain approval from all Title programs involved with the transfer. It was also suggested some of the delays in any of the Titles could be due to DoE personnel vacations.

Recommendation:

We recommend DoE management develop, document, and implement policies and procedures to help improve the timeliness of issuing grant notifications and fund authorization to school districts.

Auditee Response:

We Concur in Part. We concur that we need to develop timely processes for processing Form 2’s. We do not concur that the process is entirely under our control as the school districts are the ones who initiate a Form 1 and they are often late. This process is not one fully in our control.

Staff at the LEA are responsible to get the material back to the Department in a timely way if they want to begin expending funds. The Department's policy has been that funds cannot be expended until a fully executed Form 2 has been issued. The Department will explore ways in which the process can be moved forward to reduce the time it takes to get an application processed and authorized. We do agree that we need to develop a calendar for turning around an application. The Form 2 is not a centralized process so if a Department staff member is out, there is no one who can issue the Form 2 as the information resides on the hard drive of the Program Assistant responsible for the specific funds. This will be corrected with the implementation of the new ERP System. The ERP system will provide web-based desktop access for each project that anyone with authority can access. Now the records are on individual computers. Another problem in issuing Form 2's in a timely way has to do with the age of the system. It often breaks down and we do not have anyone in OIT who can address it or fix it when this happens. However, working with our OIT staff, we are making progress in this area and expect some positive changes in the near future. The system also needs to be purged of old information from time to time and this also delays the process of issuing new funds. Again we are without a designated staff person who is fully responsible to manage the Form 1 System. In an "emergency" situation a hand written Form 2 can be issued; a letter of authorization can be issued; and then the actual Form 2 can be produced when the system is up and running and/or the staff member returns to work. This has happened in the past although infrequently.

The Grants Management Team will address this problem and create a short-term solution to make sure that Form 2's are issued in a timely manner in anticipation of the problem being eliminated with the advent of the new system.

Timeline: This protocol will be developed by a cross bureau Grants Management Team and be implemented as soon as possible but with a guaranteed implementation date by the next fiscal year which begins July 1, 2007. This is the proposed start date for ERP.

Observation No. 7

Establish Timelines For Processing Formula Grant Applications And Budgets

The DoE does not have documented policies and procedures guiding the length of time each step of the formula grant application process should take. The application process for NCLB formula grants involves reviewing, amending, and approving applications and budgets. School districts submit their NCLB formula grant applications and budgets to the DoE but have no indication of how long it will take the DoE to review and either approve the application or request changes. As noted in Observation No. 6, we found the Form 2 was not being issued timely.

Once approved, school districts may request additional amendments to a budget or project. Again, the DoE has no guidelines regarding processing time approving or denying a school district's request to amend an approved budget or project.

The DoE has identified processing school district requests for State and federal funds as an activity to help it meet its goals. However, the DoE has no control structure in place to determine if they are effectively and efficiently performing this activity. Having no control structure in

place to process applications and budgets in a timely manner may result in delays in approving applications and budgets, delaying access to and use of NCLB funds at the district level.

Recommendations:

We recommend the DoE develop, document, and implement policies and procedures that provide guidance to its staff regarding processing time for reviewing applications and budgets submitted by the school districts. The DoE should establish timelines for each phase of the application and budget processes to assist with timely review and approval by the DoE.

Auditee Response:

We Concur in Part. This is similar to previous recommendations relative to developing a protocol, timeline for processing, and documentation of the process, including communicating with the LEAs. The application process will begin when the department has been authorized funding from the various federal program. The US Department of Education does not always make final information available in a timely manner so that the NH Department of Education can set defined timelines. Preliminary entitlements are provided to the districts pending final approval of the federal budget. The final numbers often are very different from the preliminary estimates and it is hard for districts to budget on numbers that may or may not be real. Therefore, the start date is often a moving target, if the federal budget is not approved for October 1 of a given federal fiscal year. The state is on a July to June fiscal year and we try to have grants to districts on the same time frame in order to comply with federal reporting requirements and the length of time it takes the department to close out a year of funding. Tighter guidelines have been suggested and the Department is working to define how to activate a process that will work for everyone. The Grants Management Team will consider this protocol when it develops the entire application process and timeline for processing application. It might mean that LEAs are on a different funding cycle than they currently are following.

One of the problems in determining how fast a district is drawing down its fund is the reporting process to the Department. Quarterly reports are not always filed in a timely way; we have one staff member who manually inputs the information and the system is not linked to the Form 1 system on each Program Assistant's hard drive. We are working with OIT to determine how we can connect the system so that draw downs from districts can be viewed immediately by the business office and the Project Managers so that we know what districts are and are not expending their funds. This has an effect on the districts submitting a budget as they do not always know what their carryover funds are at the time the application is due. This should be eliminated with the implementation of the new ERP System as it will be an integrated system between programs and the Office of Business Management where the reports are submitted.

Timeline: This protocol will be developed by a cross bureau Grants Management Team and be implemented as soon as possible but with a guaranteed implementation date by the next fiscal year which begins July 1, 2007. This again is a temporary "fix" awaiting full implementation of the ERP System, scheduled to begin July 2007.

Observation No. 8

Implement Policies And Procedures To Contact School Districts Not Applying For Eligible Grants

The DoE lacks documented policies and procedures to contact school districts that do not apply for NCLB formula grants. DoE personnel reported electronic mail was the most common method for notifying school districts of grant eligibility. However, not all programs indicated using electronic mail as the means of notification. Additionally, responses to our survey also found the DoE notifies school districts of NCLB grant eligibility in a variety of ways, including electronic mail, paper letters, the DoE website, and to a lesser degree, telephone. Our survey of superintendents found only 55 percent are satisfied or very satisfied with the DoE's ability to inform districts of available NCLB funding. Eighteen percent also indicated they do not apply for NCLB funds because they are unaware of the available funds.

Our interviews with DoE personnel found varied practices in how they contact school districts that have not applied for funds. For some titles DoE personnel send out electronic mail messages to determine if the school district plans to apply for funds; DoE personnel for other titles telephone the school districts. For some titles where electronic mail is used to contact the school district, the DoE assumes no response from the school district indicates the school district does not plan to apply for funds.

Recommendation:

We recommend DoE management develop, document, and implement policies and procedures for timely contact with school districts to verify the districts do not intend to apply for eligible NCLB funds.

Auditee Response:

We Concur. This is addressed in the other observations with regard to lack of protocol or process and lack of documentation around any part of the federal funds application and funding process. The Department has not been aggressive enough in pursuing local districts and Superintendents to determine why they are not applying for funds that they are eligible to receive. The attention to NCLB is actually helping to draw the attention of superintendents to the availability of these funds. For some districts the amounts are often too small for all the paperwork involved; there is not enough time in the school year to provide all the services that these funds support; and there is no one at the district or SAU level who has the time to complete the application. However, the Department will develop a process of inquiry, fully documenting the district's response when they choose not to apply for funds.

The Superintendents' Association will be part of the discussion on how best to support districts that would like the funds but cannot seem to apply for them and/or spend them.

The Department annually provides every eligible district with information about entitlement grant funds. Because federal funds have been released at different points, the Department moved

away from a fixed application deadline. Information is posted on the Department website as soon as the entitlement formulas have been run and verified.

The Grants Management Team will include this in their overall Grants Management Plan.

Timeline: This protocol will be developed by a cross bureau Grants Management Team and be implemented as soon as possible but with a guaranteed implementation date by the next fiscal year which begins July 1, 2007.

Observation No. 9

Establish Procurement Policies And Procedures

The DoE lacks documented procurement policies and procedures. One DoE official indicated the Department does not have its own written procurement policies and procedures, but rather relies on the Department of Administrative Services' *Budget Office Administrative Handbook*. However, our interviews with DoE staff found employees were not aware of policies or procedures followed by the DoE related to procurement. DoE staff reported they relied upon various methods to develop requests for proposals (RFP) for Title programs, including working off of other states' RFPs and updating previously-issued RFPs.

RSA 21-N:5, I(d) requires the DoE Deputy Commissioner to develop and maintain a system of "accounting records and budget control procedures which meet all state and applicable federal accounting, *purchasing*, and reporting requirements" (emphasis added). Federal Education Department General Administrative Regulations (EDGAR) require State education departments to implement policies and procedures regarding: review of proposed procurements to avoid purchase of unnecessary items, handling and resolving disputes relating to procurements, and selection procedures for procurement transactions. Additionally, the DoE's goals include focusing on processing school district requests for State and federal money.

Government Auditing Standards state effective internal control includes adopting the processes for planning, organizing, directing, and controlling operations. This includes developing policies and procedures to reasonably assure programs abide by laws and regulations. Formal written policies and procedures identifying how bids are prepared, reviewed, and awarded are essential for improving internal and external communication. Additionally, clearly documented policies and procedures increase confidence in the DoE award process, provide management with information necessary to determine whether goals and objectives are being met, and ensure processes remain consistent in times of staff turnover.

The State of New Hampshire *Single Audit of Federal Financial Assistance Programs For The Year Ended June 30, 2005* (Single Audit) contained three findings regarding the DoE, one of which was first identified in the 2002 Single Audit, related to the DoE needing procurement policies and procedures. The DoE reported changes and corrections it was making in its procurement practices to address the Single Audit findings, but has not developed documented policies and procedures as part of its corrective actions.

Lack of documented guidelines for the internal process for developing RFPs, approving RFPs, making awards based on RFPs, and preparing and reviewing contract documentation for Governor and Executive Council (G&C) creates the potential for a breakdown in the process. Without clearly documented guidelines, procurements may have delayed release dates due to lack of knowledge at the staff level, may include errors or omissions in RFPs, and may hide the transparency of the award process. Additionally, lack of documented policies and procedures may result in delays when the DoE is preparing contracts for G&C approval.

Recommendation:

We recommend DoE management document and implement procurement policies and procedures to ensure appropriate RFP preparation and review, award processes, timely internal preparation, and review of contracts going to G&C.

Auditee Response:

We concur with the observation and recognize that all staff involved in procurement need to be aware of our protocol for contracting for services including the development of requests for proposals and contracts. An important part of that process is to document the protocol in formal policies and procedures.

As indicated in the observation, the Department follows the procedures set forth in the Department of Administrative Services Budget Office Administrative Handbook. All contracting activity is formally authorized by the Commissioner, Deputy Commissioner and Division Directors. The Office of Business Management reviews every contract for accuracy and completeness as does the Attorneys General assigned to review our contracts. Further, the Department of Administrative Services reviews and signs-off on all department Governor and Council items, including contracts, prior to submitting to the G&C agenda.

At times, errors are detected at the various levels of review which require correction and potentially lead to delay. Adopting formal guidance in the form of policies and procedures may help to reduce delays.

<i>Step</i>	<i>Action</i>	<i>Expected Date of Implementation</i>
1.	<i>A committee of department staff will be charged to propose a standardized approach to developing requests for proposals, reviewing vendor responses, and selection criteria.</i>	<i>July 2007</i>
2.	<i>Formal procurement procedures will be written and enforced.</i>	<i>September 2007</i>

Observation No. 10

Documentation Needed To Support Exempting School Districts From Governor And Council Process

The DoE allows school districts competing for and receiving competitive NCLB grants to bypass the G&C process, but requires the process for competitive awards to other educational organizations (e.g., non-profit agencies). Our review of five NCLB competitive grant programs (Title I-F, Title I-B (Reading First and Even Start), Title IV-B, and Title X-C) totaling \$8.4 million in federal funding for State fiscal year 2006 found a total of 48 grants awarded. Approximately \$8 million of the \$8.4 million (95 percent) was awarded to 45 school districts. None of these grant awards went to G&C and the school districts were able to begin their programs once the DoE issued its authorization, referred to as a Form 2. However, the three grant awards to other educational organizations, totaling approximately \$400,000, were required to obtain G&C approval prior to beginning their programs. We also found for Title II-B and Title II-D competitive grant awards to entities with a school district as the fiscal agent did not go through the G&C process.

The DoE has a long-standing practice to not require school districts to go through the G&C process. LBA audits of the *Catastrophic Aid Program, Performance Audit, July 1999* and the *Department Of Education Financial and Compliance Audit For The Year Ended June 30, 2000* identified competitively awarded grants issued under the GMS but not receiving G&C approval. In response to these findings, the DoE changed its practice and began to require any other educational organizations awarded a competitive grant to receive G&C review and approval, but did not impose the same requirement on school districts. One DoE official stated other educational organizations are often encouraged to partner with a school district to be the fiscal agent to avoid the G&C process.

The DoE still has not developed policies and procedures regarding exempting certain grant awards from the G&C process, as recommended in our *Department Of Education Financial and Compliance Audit For The Year Ended June 30, 2000*. It is unclear where the DoE obtained authority to exempt some entities from G&C oversight while requiring others to go through the G&C process. In fact, without clear policies and procedures in place the DoE is at risk of requiring some grant awards to unnecessarily go through G&C process, thus delaying the use of some federal funds. Furthermore, lack of clearly documented procurement policies and procedures places the DoE at risk of not complying with federal and State requirements, as we discuss in Observation No. 9.

EDGAR Sec. 80.36 (a) requires a state education department use the same procurement policies and procedures it uses for non-federal funds. The Compliance Supplement of Circular A-133, issued by the federal Office of Management and Budget, describes non-Federal entities' responsibility for managing federal funds. The Supplement indicates states should "use the same State policies and procedures used for procurements from non-Federal funds" for procurements using federal funds.

RSA 4:15 requires “The expenditure of any moneys appropriated or otherwise provided to carry on the work of any department of the state government shall be subject to the approval of the governor, with the advice of the council, under such general regulations as the governor and council may prescribe with reference to all or any of such departments, for the purpose of securing the prudent and economical expenditures of the moneys appropriated.” According to the *Department of Administrative Services Administrative Handbook*, no G&C approval is required for non-personal service contracts under \$5,000 and personal service contracts under \$2,500.

However, no laws, rules, or policies exist to exempt school districts from going through the G&C process for competitive grant amounts \$5,000 and above. We asked for a written policy in regards to exemption of school districts, but the DoE was unable to provide one. Many of the DoE personnel involved with competitive grants believe policy dictates other educational organizations need G&C approval while school districts do not.

Recommendations:

We recommend DoE management develop clearly documented procurement policies and procedures to ensure G&C approval is appropriately obtained for contracts. Additionally, as recommended in past LBA audits, the DoE should work with the Department of Administrative Services to determine what types of competitive grant awards are or should be exempted from the G&C process and seek proper authorization for the exemptions.

Auditee Response:

We concur in part with the observation. Title XV Education Chapter 186 The State School Organization State Board of Education. Section 186:7 Federal Funds Cooperation. The State Treasurer shall be custodian of any money that may be allotted to the state by the federal government for general education purposes. He shall also be the custodian of all moneys received by the state from appropriations made by congress for vocational rehabilitation of persons disabled in industry. Section 186:11 Duties of the state Board II. Supervision: Supervise the expenditure of all moneys appropriated for public schools, and inspect all institutions in which or by which such moneys are used. 186:13 Federal Aid. For making available the funds provided by federal law for vocational or other education.

We do not agree that no documentation exists to support exempting school districts from the Governor and Council process. While researching this issue, a letter was found dating back to March 17, 1989 from a DAS business supervisor, “In August, 1988 this office became aware of the Department of Education’s practice of awarding all grants without prior approval by Governor and Council. This clearly exceeded the intent and authority extended to the Department to make such grants to public education agencies. As a result, the Department has begun treating grants to non public education agencies as the contracts for services they really are. As such, these items are subject to the procedures established in the New Hampshire Code of Administrative rules (Adm. 311.04)... Questions have been raised concerning which sections of Adm. 311.07 (a)(6)(f) apply...” The issue continues to be one that the Department seeks final clarification on to finally come to an agreed upon decision. The Department will work with the State Board and Governor and Council to resolve this issue.

The reference to “Section 186:11 Duties of the State Board II. Supervision: Supervise the expenditure of all moneys appropriated for public schools, and inspect all institutions in which or by which such moneys are used. 186:13 Federal Aid. For making available the funds provided by federal law for vocational or other education” establishes the authority of the State Board in its oversight of funds to local school districts. The Department believes that this authority is the justification that competitive grants to local school districts employ the Form 1 process and do not go before Governor and Council.

<i>Step</i>	<i>Action</i>	<i>Expected Date of Implementation</i>
1.	<i>The Department will review the status of all districts with regard to entitlement figures and carryover amounts.</i>	<i>November 2006</i>
2.	<i>The Department will explore with the State Board and Governor and Council to seek clarification regarding non-public school contracts and grants to school districts of a competitive nature.</i>	<i>April 2007</i>

Observation No. 11

Improve Program Monitoring Of NCLB Grants

The DoE does not adequately monitor NCLB funded programs. Of the 11 programs we examined only two (Title I-A and Title IV-B) have staff who perform site visits to each grant recipient on a regular basis. The DoE’s auditor performs reviews of approximately 20 districts per year, but the federal funding reviewed does not always include NCLB programs and activities. DoE personnel indicated they lack time to fully monitor NCLB funded programs at the school districts using onsite visits and evaluations.

According to Section 80.40 of EDGAR, grantees are responsible for monitoring grant- and subgrant-supported activities. EDGAR specifies the monitoring must cover each program, function, or activity. NCLB requires evaluation plans be included with applications submitted to the U.S. DoE for several NCLB programs. These plans are in place to ensure school districts will comply with each program’s requirements.

Five of the 11 NCLB programs we examined require the DoE to provide an evaluation plan in its application to the U.S. DoE. The DoE has chosen to monitor three (Title II-A, Title II-D, and Title X-C) of the five programs using self-evaluation. For the other two programs, one simply uses a renewal application as its “evaluation” (Title I-F) and the other requires a narrative mid-year and an annual site visit (Title IV-B).

NCLB prescribes various types of monitoring for the six remaining programs examined. NCLB requires the DoE collect annual district self-evaluations for three of the six programs (Title III-A, Title IV-A and Title V-A), which the DoE currently does for all three programs. The other three programs (Title I-B Reading First, Title I-B Even Start, and Title I-A) differ in monitoring requirements and range from external evaluations to reporting program progress in measurable objectives. The DoE complies with these requirements.

Monitoring of programs and associated activities is necessary to ensure the integrity of the DoE's handling of federal grant funds. The DoE is not only responsible for timely and accurate distribution of NCLB funds, but also for ensuring funds are properly used for NCLB-sanctioned activities. Lack of monitoring creates a situation in which there is no assurance districts are using federal funding for NCLB-designated purposes or are accurately reporting activities to the State. Without site visits, the DoE must assume district reporting is complete and accurate.

Recommendation:

We recommend DoE management increase program monitoring by actively visiting school district program sites. Site visits will help to ensure NCLB funds are used for sanctioned purposes, and allow for feedback to school districts on the programs they have implemented and may identify areas where districts need additional training.

Auditee Response:

We concur in part with the observation. The Deputy Commissioner has convened program consultants to review monitoring practices across the Department. The intent of this process is to maximize staff resources and align monitoring practices to reduce repeated requests for information and to better review individual programs. Special education has extensive monitoring practices that could work with the regular school approval process. This year a new school approval process has been initiated that puts local school districts on a review cycle. The school review will consist of a self-assessment, desk audit, as well as a visit to the district. The Department is investigating how this effort could incorporate monitoring for NCLB and other title programs. There are a wide range of ways to ensure funds are being spent in compliance with their intended purposes. Monitoring takes place in many ways and does not necessarily have to be on site. Each NCLB Title program requires different monitoring levels based on the program priorities. In the application process, strict adherence is paid to funding allowable activities. Applications do not get approved unless the activities defined are approvable in the appropriate funding category to include function and object codes. Title I has greater levels of monitoring based on the higher level of compliance issues.

According to Section 80.40 of the EDGAR, grantees are responsible for monitoring grants and sub-grant activities. The evaluation process is a collective process that exceeds one evaluation form. For example, Title I requires an application, documentation (budget narrative) of how funds will be expended, permission to change object or function codes and why that change is necessary (districts must have approval and cannot exceed spending in certain lines beyond 10% and not at all in Object Codes 300, 700, and approved indirect cost rates). A bi-annual self-assessment is conducted for compliance with all necessary documentation that must be submitted to the Department in addition to comparability reports and inventories. Every three years a district gets a formal on-site review for Title I.

Other Title programs follow a different protocol based on legislated priorities. All programs require an application process and a detailed budget description. In that NH is a small state, most project directors are well-known to Department consultants and talk with them on a regular basis to discuss allowable activities.

During the process for funding reimbursement, further monitoring takes place as Form 3 & 4 are reviewed in the Business Department. Projects must stay within their project periods and show evidence that funds have been spent as indicated. Districts know that at any time if there are questions about expenditures, an audit visit can be established.

In addition, every local school district is required to have a single audit based on a \$500,000 threshold that includes a performance audit.

Timeline:

<i>(1) Include random districts for program reviews utilizing the practices similar to single audits but on a smaller scale to determine if districts are expending funds appropriately.</i>	<i>Ongoing</i>
<i>(2) Align monitoring efforts across the Department to maximize resources.</i>	<i>September 2007</i>

Information Technology Controls

The DoE relies heavily on a Form 2 System that has been in place since the 1970s. Because this system is an integral part in processing requests for NCLB funding, we recommend the DoE document and implement controls to help mitigate the risk of inaccurate and unreliable data. In addition, we recommend the DoE develop a business continuity and disaster recovery plan to ensure federal grant awards continue being processed in a timely manner regardless of whether the aging Form 2 System is operational.

Observation No. 12

Implement Controls Over The Form 2 System

The DoE's Form 2 System lacks controls to ensure accurate and complete information processing. According to the Institute of Internal Auditors, information technology is an integral part of all processes that enable businesses and governments to accomplish their mission and objectives. Technology controls promote reliability and efficiency while mitigating associated risks. Management sets the objectives, puts the control mechanisms and activities in place, and monitors and evaluates controls.

The DoE relies upon its mission critical Form 2 System to meet its goal to provide service to key constituents (school districts) through processing requests for State and federal funds. The DoE has relied on its Form 2 System since the 1970s for managing federal grant awards and providing authorization for sub-recipients to spend federal grants. The Form 2 System was converted to an electronic system in the early 1980s using a database management program and disk operating system (DOS). The system is not networked, residing on stand-alone computers throughout the DoE. There are 13 personnel in the DoE who use the automated version of the Form 2 System and four personnel rely on the manual system.

The DoE does not routinely provide formal Form 2 System training to the users of the system. However, a user manual exists for the Form 2 System. Lack of proper training for users of the system jeopardizes the DoE's ability to maintain reliable, accurate, and consistent information from program to program. Additionally, absence of training for DoE staff may discourage use of the Form 2 System. Due to the stand-alone nature of the Form 2 System, data are entered on computers used by various program staff and again on the computer used by the Office of Business Management (OBM). No policies or procedures exist to review data entry for accuracy and completeness when initially entered or after a change request is processed. DoE employees stated nothing inherently prevents errors except users of the Form 2 System.

Also, there are no enforced policies or procedures to ensure data contained in the Form 2 System are backed up routinely or the backed up data are appropriately safeguarded. One DoE employee indicated Systems are backed up nightly and the backup is taken offsite. Another DoE employee reported trying to do daily backups but not when there has only been a few changes since the last backup. Lack of backup controls jeopardizes the DoE's ability to resume normal business operations in the event of a failed System.

As noted by the DoE Deputy Commissioner, the Form 2 System is "antiquated." It cannot be easily manipulated to meet the current DoE needs. However, it is unclear when the DoE will be able to migrate to a new system or if a new system, such as the statewide Enterprise Resource Planning (ERP) system, will actually be able to entirely replace the Form 2 System. Regardless, it is important to have controls in place for recovery in the event of a failure or when the time comes to migrate to a new system.

Recommendations:

We recommend DoE management document and implement controls over its Form 2 System to help mitigate the risk of inaccurate and unreliable data and create consistency throughout the DoE on the use of the Form 2 System. DoE management should provide formalized training to all users of the Form 2 System and users of any futures systems implemented at the DoE. As DoE management identifies and documents information technology controls consideration should be given to the transferability of these controls to other systems that may replace the Form 2 System in the future.

Auditee Response:

We concur in part with the observation. The Department concurs in part because it recognizes the need to integrate systems within the Department and to extend "knowledge" of Form 2 programs beyond one user to the office of the Business Manager.

While the Form 2 system is outdated, training does go on every time a new employee is hired to perform such tasks. However, the Department also recognizes the need for written policies and procedures so that all Form 2 issuers are working from the same process guidelines.

The Form 2 system is outdated and the Department has held numerous meetings to document what steps need to be in place to process entitlement and other funds to local school districts. In

September of this year back up tapes were required of individuals issuing Form 2's. This system did apply some relief but the concern remained that it was not happening daily and the Form 2 information was at risk of system break downs. As of December 5, 2006, an automated back up process that centralizes disaster recovery has been implemented. On a daily basis, each system is backed up to secure the data and information. On a daily basis, the automated system reaches out to each system and a backup is created so that it is not reliant on any one individual. In addition, various automated reports are collected on a regular basis that have previously not been readily available.

The Department continues to work with the OIT staff to provide further advances in preparation of ERP.

<i>Step</i>	<i>Action</i>	<i>Expected Date of Implementation</i>
1.	<i>Document all steps in the current process in preparation of ERP.</i>	<i>January 2007</i>
2.	<i>The Business Manager will have access to Form 2 information.</i>	<i>June 2007</i>
3.	<i>Define consistent policies and procedures as described in this document.</i>	<i>June 2007</i>
4.	<i>Explore a process to establish or detect errors in the Form 2 system.</i>	<i>June 2007</i>
5.	<i>Require higher levels of communication between Form 2 issuers and those who process Form 3 and 4.</i>	<i>June 2007</i>

Observation No. 13

Business Continuity And Disaster Recovery Plan Needed For Form 2 System

The DoE does not have a documented business continuity and disaster recovery plan for its Form 2 System. Business continuity and disaster recovery plans help to mitigate the negative effects of a disruption to an agency's operations.

The DoE has relied on its Form 2 System since the 1970s for managing federal grant awards and providing authorization for subrecipients to spend federal grants. At the October 18, 2006 Fiscal Committee meeting, the DoE Deputy Commissioner referred to the Form 2 System as "antiquated." The Form 2 System was converted to an electronic system in the early 1980s using a database management program and DOS. The system is not networked, residing on stand-alone machines throughout the DoE. There are 13 personnel in the DoE who use the automated version of the Form 2 System and four personnel rely on the manual system.

Several DoE personnel indicated the automated Form 2 Systems used by the Title I program and the OBM have "crashed" in the past. It took several weeks to bring those Systems back online for use. Staff for another program reverted back to using the manual system when their automated Form 2 System became corrupt. The DoE lacks the expertise in-house to maintain the

antiquated Form 2 System and relies upon the expertise of the retired DoE staff person who developed the Form 2 System to provide maintenance.

Though the statewide ERP system may mitigate some risks associated with the OBM's use of the Form 2 System, in all likelihood it will not address risks associated with the use of the Form 2 System by program personnel to manage federal programs. The age of the computerized Form 2 System increases the risk of the system failing to function. Additionally, lack of DoE maintenance expertise increases the likelihood that recovery from a disaster involving a computerized Form 2 System may be lengthy or impossible.

These situations increase the need for a business continuity plan that clearly details how the DoE will minimize business interruptions and ensure subrecipients are authorized to use federal awards and receive reimbursements in a timely fashion.

Recommendation:

We recommend DoE management develop a business continuity and disaster recovery plan for the Form 2 System as well as any other business systems they deem critical to help minimize the impact on DoE's customers and increase the ability of the DoE to return to normal business operations in a timely manner.

Auditee Response:

We concur in part with the observation because at the time of the audit the file backup and data recovery procedures were not carried out in a systematic way. Additionally, lack of a business continuity plan puts grant recipients at risk in the event of a catastrophic failure of the coming ERP system. The Form 2 system is outdated and the Department has held numerous meetings to document what steps need to be in place to process entitlement and other funds to local school districts. In September of this year back up tapes were required of individuals issuing Form 2's. This system did apply some relief but the concern remained that it was not happening daily and the Form 2 information was at risk of system break downs. As of December 5, 2006, an automated back up process that centralizes disaster recovery has been implemented. On a daily basis, each system is backed up to secure the data and information. On a daily basis, the automated system reaches out to each system and a backup is created so that it is not reliant on any one individual. In addition, various automated reports are collected on a regular basis that have previously not been readily available.

The Department continues to work with the OIT staff to provide further advances in preparation of ERP and developing an approach for business continuity.

<i>Step</i>	<i>Action</i>	<i>Expected Date of Implementation</i>
1.	<i>Form 2 process documents</i>	<i>Completed Spring 2006</i>
2.	<i>Documentation for ERP transition</i>	<i>Continuing through January 2007</i>
3.	<i>Replace existing Form 2 system</i>	<i>January 2008</i>

Internal Review Of DoE

The role of the auditor is designed to add value and improve an organization’s operations. The DoE does not use its audit office for internal review and we recommend the DoE use its auditor to design and conduct reviews in order to help management implement policies and procedures to meet the DoE’s mission.

Observation No. 14

Use Auditor For Internal Audit Functions

The DoE does not use its audit office for internal auditing or review of the organization. RSA 21-N:4, IX (a) states the DoE commissioner is responsible for “analytical reports of examinations conducted of the department's various divisions, bureaus, sections, programs and functions. Examinations shall be conducted and reports prepared in accordance with standards of governmental auditing and program evaluation specified by authoritative national standard setting bodies. Reports shall contain analyses, appraisals, comments, and recommendations relating to the accuracy and competence of accounting, financial, and management procedures in use.” This function has been delegated to the DoE’s audit manager, whose job description states the position’s responsibilities include oversight of audit and financial monitoring functions to comply with RSA 21-N:4, IX. This same observation was noted in our *Financial and Compliance Audit For The Year Ended June 30, 2000*.

The DoE’s audit office, when staffed, has focused its efforts on conducting reviews of federal program sub-recipients. According to a DoE employee, this is in response to past audit findings recommending the DoE improve its monitoring of federal program sub-recipients. A previous internal auditor stated due to the lack of staff, there was no time for internal reviews of DoE programs. The turnover in the auditor position coupled with Single Audit findings recommending the DoE monitor sub-recipients of federal programs may have resulted in the lack of internal review of the DoE’s divisions, bureaus, and programs.

Internal auditing, as defined by the Institute of Internal Auditors, is “an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.” Reviews of the DoE by the audit office would help identify outdated and inefficient practices needing change. Using the audit office in this manner would allow the DoE to have an independent and objective person reviewing the various aspects of the DoE and identifying areas

where management might want to focus its attention. Additionally, an audit office would be able to audit procedures and practices adopted by management to determine if they are working as intended and if staff are implementing the procedures and practices efficiently and effectively in their daily work.

Recommendation:

We recommend the DoE management use its auditor to conduct reviews of the DoE to assist management with implementing policies and procedures helping the DoE meet its mission while adhering to all federal and State laws and rules.

Auditee Response:

We concur in part with the observation. Currently, the Department has one Agency Audit Manager position and has requested authorization for a new Internal Auditor I position as a part of our FY 2008/2009 biennial budget request. In the previous budget cycle, we requested a new auditor permanent position which was not approved.

The Agency Audit Manager’s focus is primarily on sub-recipient monitoring of federal grant activities. The Supplemental Job Description of the Agency Audit Manager includes responsibilities of preparing analytical reports of examinations conducted of the department's various divisions, bureaus, sections, programs and functions. The incumbent is relatively new to the position and is still learning aspects of her duties and responsibilities. As the Agency Audit Manager gains experience, she will be better able to address internal audit issues as well.

In the past, the Department’s sole auditor position also provided consultant services to staff and conducted inquiries and internal investigations as needed. With the addition of a federally funded Internal Auditor I position, we believe will have the necessary capacity to provide comprehensive external and internal auditing. The Department has long recognized this need.

Step	Action	Expected Date of Implementation
1.	<i>To the extent possible, we will allocate the work effort of the Agency Audit Manager between sub-recipient monitoring and internal auditing beginning immediately.</i>	<i>January 2007</i>
2.	<i>Hire Internal Auditor I position when approved and funded beginning in FY 2008. With a doubling of auditing capacity, the necessary functions of external audit, on-site review and internal audit will be completed in a timely way.</i>	<i>July 2007</i>

**STATE OF NEW HAMPSHIRE
NO CHILD LEFT BEHIND FUND DISTRIBUTION**

CONCLUSION

The Department of Education (DoE) has responded to No Child Left Behind (NCLB) requirements in several ways. It has made efforts to ensure the State is meeting the requirements of the law by developing new assessment tests to cover all the required grades and subjects, having teachers in the State meet the “highly qualified” requirement, and reorganizing its structure to better address the demands of NCLB as well as other educational initiatives.

While the DoE has had success responding to NCLB requirements, it lacks documented policies and procedures to ensure efficient distribution of NCLB funds. The DoE has inconsistent management controls over processes and practices enabling school districts to access NCLB funds. Without clear guidance in the form of documented policies and procedures for its uses, it is difficult for the DoE to demonstrate its effectiveness and efficiency in assisting school districts.

The DoE continues to use nonintegrated and undocumented processes and practices to make NCLB funding available. This manual process, which is outdated and inconsistent, is laden with potential for complicating applications and approvals, as well as fund transfers to school districts. Once an application and budget is approved, it is entered into a non-networked, unsupported 20-year old DOS-based program that has “crashed” in the past and may, at some point, be unrecoverable.

An underlying concern prompting this audit was the possibility NCLB funds were not being distributed to school districts and were lapsing back to the federal government. We found between State fiscal years 2002 and 2006 about 99.7 percent of the \$307 million NCLB funds available to New Hampshire were allocated to the schools and the DoE. The millions of dollars carried over each year by DoE (e.g., \$34 million in SFY 2006) are largely the result of the extended periods the funds are available (up to 27 months) to districts and the DoE. While the majority of NCLB grants are being used, we are concerned insufficient and inadequate policies and procedures, combined with an archaic grants management system, increases the risk federal funds will not be allocated efficiently and successfully.

If the DoE implements the recommendations contained in this report, management controls should significantly improve the processes and practices used to make NCLB funding available to school districts. Furthermore, the DoE would have the ability to determine the effectiveness and efficiency of their processes and practices. Then, management would have information available for making educated decisions on how the DoE conducts business, and would be better equipped to provide timely and consistent information regarding NCLB funds to decision-makers outside of the DoE.

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**STATE OF NEW HAMPSHIRE
NO CHILD LEFT BEHIND FUND DISTRIBUTION**

APPENDIX A

DEPARTMENT RESPONSE TO AUDIT

Lyonel B. Tracy
Commissioner of Education
Tel. 603-271-3144



Mary S. Heath
Deputy Commissioner
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STATE OF NEW HAMPSHIRE
DEPARTMENT OF EDUCATION
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January 31, 2007

Michael L. Buckley, CPA
Legislative Budget Assistant
Office of the Legislative Budget Assistant
State House, Room 102
107 North Main Street
Concord, NH 03301-4951

Dear Mr. Buckley:

This letter is in response to the NH Department of Education No Child Left Behind Fund Distribution Performance Audit, February 2007, issued by the Office of the Legislative Budget Assistant (LBA).

I want to express my appreciation to the LBA management and audit staff for the professional manner in which the audit was conducted. The LBA efforts took into consideration the significant reduction of staff the Department of Education has experienced as well as the increase in the compliance requirements related to the implementation of No Child Left Behind. The observations contained in the audit have proven valuable, and we have already begun implementing many of the auditor's recommendations.

One of the challenges we face is timely submission by School Administrative Units of DoE Grants Management System funding applications. Greater communication between DoE and the field will improve this and accelerate grant funds distribution. We now provide additional reporting in Fiscal Year School District Allocations reports that show the current status of grant allocations, carry over, permission to spend, amount paid and amount to be paid.

The Department's Grants Management System (GMS) is the focus of an extensive review. We expect to complete and document the processes we have in place and implement policies and procedures that will improve grants tracking and program monitoring. Capital Budgets going back to FY 2000 included funding to replace the existing GMS. Those funds lapsed when we agreed with the Department of Administrative Services to delay our plan in anticipation that our needs would be addressed in the planned replacement of the Integrated Financial System. Implementing NH FIRST (ERP) Enterprise Resource Planning is the current opportunity to replace our GMS and automate our manual accounting processes. We are working hard to

TDD Access: Relay NH 711
EQUAL OPPORTUNITY EMPLOYER- EQUAL EDUCATIONAL OPPORTUNITIES

Legislative Budget Assistant
January 31, 2007
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develop this capability in NH FIRST ERP. However, the Department may have to develop a replacement GMS that will align with ERP.

In closing, we again thank you and the audit team for providing insight into our effectiveness in carrying out the requirements of NCLB. We especially appreciate the audit's recommendations for improving the distribution of grant funds to school districts. The DoE will use this audit report to improve our processes and practices to the benefit of public school students in New Hampshire.

Sincerely,



Lyonel B. Tracy
Commissioner of Education

**STATE OF NEW HAMPSHIRE
NO CHILD LEFT BEHIND FUND DISTRIBUTION**

APPENDIX B

SURVEY OF SCHOOL ADMINISTRATIVE UNITS

Summary

We sent surveys to each New Hampshire school superintendent to obtain their opinions on how effectively and efficiently the Department of Education (DoE) distributes No Child Left Behind (NCLB) funds to school districts. Eighty-two surveys were sent out and 70 were returned. Overall, respondents to the survey answered in a positive or a neutral manner regarding the DoE. Very few comments were negative.

Of those superintendents responding, the majority had experience with Title I-A (86 percent), Title II-A (94 percent), Title II-D (87 percent), Title IV-A (97 percent), and Title V-A (83 percent). Less than half of the superintendents responded they had experience with competitive grants, such as Title I-B. Appendix C describes the various NCLB Titles in greater detail.

To assess the DoE's efficiency and effectiveness in aiding school districts in accessing NCLB funds, we focused our questioning on three major areas: 1) the DoE's roles and responsibilities surrounding timeliness and effectiveness of notification, processing of applications, and fund disbursements; 2) DoE staffing levels; and 3) barriers external to the DoE that may create challenges in making NCLB funds available to districts.

Electronic mail is the most common method the DoE uses to notify districts of formula and competitive grant awards. Districts also reported notification by letter, the DoE website, and phone calls. Regardless of how School Administrative Units (SAUs) reported the DoE notified them of formula and competitive grants, most stated they "Strongly Agree" or "Agree" the DoE is effective at making districts aware of funds. However, 18 percent of respondents indicated school districts do not apply for NCLB funds because they are unaware of the available funds.

Most of the respondents reported the application process for both formula and competitive grants (61 percent and 68 percent, respectively) was neither easy nor difficult. Of the SAUs reporting experience applying for formula grant funds, the most reported reasons for delays in processing formula grant applications were staffing issues at the district (44 percent), staffing issues at the DoE (33 percent), and incomplete applications (27 percent).

Forty-six percent of respondents reported the reimbursement process for formula grants was either "Very Timely" or "Timely" and 45 percent of respondents reported the reimbursement process for competitive grants was "Neither Timely Nor Untimely." Regardless of how SAUs perceived the timeliness of the reimbursement process, most stated they were "Very Satisfied" or "Satisfied" with the assistance the DoE provides to districts applying for formula grants.

Seventy-four percent of respondents stated they "Strongly Agree" or "Agree" it is clear who to contact at the DoE with questions when applying for NCLB funds. Seventy percent of respondents also reported they "Strongly Agree" or "Agree" the DoE responds timely to questions related to completing forms.

LBA Survey Of School Administrative Units

Notes:

- **Responses are in bold**
- **Totals may not add up to 100 percent due to rounding**
- **The number of respondents, not responses, is used as the denominator to calculate response percentages for multiple response questions**
- **82 surveys were mailed to school administrative unit superintendents**
- **70 surveys (85 percent) were returned**
- **N indicates the number of respondents**

Purpose: The primary purpose of this survey is to help us assess how effective and efficient the Department of Education (DoE) is at assisting local school districts in accessing NCLB funds. Survey responses will enable us to efficiently collect information from school administrative units (SAUs) and the school districts they represent. Therefore, your responses are important to our audit.

Confidentiality: All responses are confidential, consistent with RSA 14:31-a, II. Individual surveys will not be shared with the DoE. Your responses will be combined with others and reported as aggregate data in our final report. According to State law (RSA 14:31-a, II) audit work papers, such as interviews and surveys, are not public records. However, work papers used to support our final report may be made available by majority vote of the fiscal committee after a public hearing showing proper cause. It is our policy not to name you specifically in our report. Your responses will be combined with others and will be reported as aggregate data in our final report. We ask for your name in order to track receipt of surveys and to follow-up on responses if needed. **Some of the survey questions may be better answered by personnel other than the superintendent, therefore, your signature is requested to confirm your review of and agreement with survey responses.**

Question Format: This survey includes questions in three sections: 1) background information; 2) notification of available funding; and 3) training, instruction, and support. The questions primarily consist of scaled responses. Space is provided at the end of the survey to add additional information and comments.

Answering Questions: Please answer the survey as accurately as possible based upon your direct experience or the direct experience of other personnel at your SAU. Select the best answer and completely darken the corresponding circle using blue or black ink, or a pencil. Some questions may allow you to provide multiple answers by asking you to mark all that apply. Please fill in circles completely as shown below.

Correct



Incorrect



1. Background Information

The following five questions concern background information about you and your SAU.

1. How many years have you worked in the NH school system? (N=70)

Ⓐ Less than 1 year	2	(3%)
Ⓑ 1-2 years	4	(6%)
Ⓒ 3-5 years	5	(7%)
Ⓓ 5 years or more	59	(84%)

2. How many years have you been a SAU superintendent? (N=68)

Ⓐ Less than 1 year	9	(13%)
Ⓑ 1-2 years	9	(13%)
Ⓒ 3-5 years	16	(24%)
Ⓓ 5 years or more	34	(50%)

3. How many school districts are in your SAU? (N=70)

Ⓐ 1 district	41	(59%)
Ⓑ 2 districts	9	(13%)
Ⓒ 3 districts	10	(14%)
Ⓓ 4 districts	2	(3%)
Ⓔ 5 districts or more	8	(11%)

4. How many total pupils attend the school(s) in your SAU? (N=70)

Ⓐ Less than 1,000 pupils	12	(17%)
Ⓑ 1,001 through 1,500 pupils	13	(19%)
Ⓒ 1,501 through 2,000 pupils	13	(19%)
Ⓓ 2,001 through 2,600 pupils	6	(9%)
Ⓔ 2,601 through 4,000 pupils	13	(19%)
Ⓕ more than 4,000 pupils	13	(19%)

Note: Percents may not total 100 due to rounding.

The next 14 questions are to determine if you or your school district(s) have experience applying for the NCLB funds. Please check yes if you have past experience applying for a NCLB Title listed and no if not.		
	Yes	No
5. Title I-A (Improving Basic Programs) (N=69)	59 (86%)	10 (14%)
6. Title I-B (Reading First) (N=66)	21 (32%)	45 (68%)
7. Title I-B (Even Start) (N=64)	13 (20%)	51 (80%)
8. Title I-D (Neglected & Delinquent) (N=61)	9 (15%)	52 (85%)
9. Title I-F (Comprehensive School Reform) (N=60)	17 (28%)	43 (72%)
10. Title II-A (Highly Qualified Teachers) (N=69)	65 (94%)	4 (6%)
11. Title II-B (Math Science Partnership) (N=59)	15 (25%)	44 (75%)
12. Title II-D (Technology Literacy) (N=68)	59 (87%)	9 (13%)
13. Title III (English Language Acquisition) (N=61)	26 (43%)	35 (57%)
14. Title IV-A (Safe & Drug Free Schools) (N=70)	68 (97%)	2 (3%)
15. Title IV-B (21 st Century Community Learning Centers) (N=60)	24 (40%)	36 (60%)
16. Title V (Informed Parental Choice & Innovative Programs) (N=65)	54 (83%)	11 (17%)
17. Title VI-B (Rural Education Initiative) (N=64)	26 (41%)	38 (59%)
18. Title X-C (Homeless Education) (N=62)	10 (16%)	52 (84%)

2. DOE NOTIFICATION AND DISTRIBUTION OF NO CHILD LEFT BEHIND FUNDS

The following questions concern the processes to inform and distribute No Child Left Behind funds to the SAUs and school districts. We are interested in obtaining information related to No Child Left Behind formula grants (such as Title I-A, Title I-D, Title II-A, Title II-D, Title III, Title IV-A, Title V-A, and Title VI-B) and competitive grants (such as Title I-B, Title I-D, Title I-F, Title II-B, Title II-D, Title IV-B, Title X-C).

19. The Department of Education is effective at making school districts aware of available NCLB funds. (N=70)

(A) Strongly Agree	17	(24%)
(B) Agree	35	(50%)
(C) Neither Agree Nor Disagree	12	(17%)
(D) Disagree	6	(9%)
(E) Strongly Disagree	0	(0%)

20. Who in your district(s) is/are responsible for completing the **consolidated application** for DoE? (*check all that apply*)

Seventy respondents provided 100 responses to question 20.

(A) Superintendent	16	(23%)
(B) Business Administrator	7	(10%)
(C) Grant Manager (located in the SAU)	27	(39%)
(D) Grant Manager (located in the district)	11	(16%)
(E) Principal/Teacher In School	11	(16%)
(F) Other (please list) _____	28	(40%)

Twenty-eight respondents provided 31 comments to question 20F:

-Assistant superintendent	16	(57%)
-Director of curriculum and/or instruction	8	(29%)
-Director of technology	3	(11%)
-Administrative assistant	1	(4%)
-Principals	1	(4%)
-Title I director	1	(4%)
-Miscellaneous	1	(4%)

21. How does the Department of Education notify the SAU of NCLB **formula** grant awards?
(check all that apply)

Seventy respondents provided 152 responses to question 21.

Ⓐ Electronic Mail	61	(87%)
Ⓑ Telephone Call	6	(9%)
Ⓒ Letter	40	(57%)
Ⓓ Department Of Education Website	35	(50%)
Ⓔ Other (please list) _____	10	(14%)

Ten respondents provided ten responses to question 21E:

-Meetings with DoE	4	(40%)
-Issuance/receipt of Form 2	2	(20%)
-Fax	2	(20%)
-Key messages	1	(10%)
-Approved Form 1	1	(10%)

22. How does the Department of Education notify the **school district(s)** of NCLB **formula** grant awards? (check all that apply)

Sixty-nine respondents provided 131 responses to question 22.

Ⓐ Electronic Mail	54	(78%)
Ⓑ Telephone Call	4	(6%)
Ⓒ Letter	38	(55%)
Ⓓ Department Of Education Website	27	(39%)
Ⓔ Other (please list) _____	8	(12%)

Eight respondents provided eight responses to question 22E:

-Fax	2	(25%)
-Meetings with DoE	2	(25%)
-Issuance of Form 2	1	(13%)
-Approved Form 1	1	(13%)
-Miscellaneous	2	(25%)

23. Who in your district(s) is/are responsible for applying for NCLB **formula** grants? (*check all that apply*)

Seventy respondents provided 114 responses to question 23.

Ⓐ Superintendent	23	(33%)
Ⓑ Business Administrator	8	(11%)
Ⓒ Grant Manager (located in the SAU)	26	(37%)
Ⓓ Grant Manager (located in the district)	14	(20%)
Ⓔ Principal/Teacher In School	17	(24%)
Ⓕ Other (please list) _____	26	(37%)

Twenty-six respondents provided 28 comments regarding question 23F:

-Assistant superintendent	18	(69%)
-Director of curriculum and/or instruction	5	(19%)
-Director of technology	2	(8%)
-Title I director	2	(8%)
-Special education director	1	(4%)

24. How would you rate the application process for **formula** grants? (N=69)

Ⓐ Very Easy	0	(0%)
Ⓑ Easy	12	(17%)
Ⓒ Neither Easy Nor Difficult	42	(61%)
Ⓓ Difficult	12	(17%)
Ⓔ Very Difficult	3	(4%)

25. Please indicate reasons for delays in processing your district(s) NCLB **formula** grant applications? (*check all that apply*)

Sixty-six respondents provided 95 responses to question 25.

Ⓐ Not Aware Funds Available	10	(15%)
Ⓑ Incomplete Application	18	(27%)
Ⓒ Staffing Issues At District	29	(44%)
Ⓓ Staffing Issues At DoE	22	(33%)
Ⓔ Other (please list) _____	16	(24%)

Sixteen respondents provided 19 comments regarding question 25E:

-Lack of time	3	(19%)
-Timing issues	3	(19%)
-Inconsistent grant requirements	2	(13%)
-Too much time revising paperwork	1	(6%)
-Clarifying roles locally	1	(6%)
-Process too convoluted	1	(6%)
-Staff excellent but stretched too thin	1	(6%)
-Coordinating with outside agencies	1	(6%)
-Receive more than one response to a question from the DoE	1	(6%)
-Miscellaneous	5	(31%)

26. How would you rate the timeliness of the reimbursement process for **formula** grants?
(N=68)

(A) Very Timely	2	(3%)
(B) Timely	29	(43%)
(C) Neither Timely Nor Untimely	27	(40%)
(D) Untimely	9	(13%)
(E) Very Untimely	1	(1%)

27. How would you rate your satisfaction with the assistance the DoE provides to district(s) applying for NCLB **formula** grants? (N=69)

(A) Very Satisfied	15	(22%)
(B) Satisfied	36	(52%)
(C) Neither Satisfied Nor Dissatisfied	15	(22%)
(D) Dissatisfied	3	(4%)
(E) Very Dissatisfied	0	(0%)

28. How does the Department of Education notify the SAU of NCLB **competitive** grant awards? (*check all that apply*)

Sixty-nine respondents provided 133 responses to question 28.

(A) Electronic Mail	54	(78%)
(B) Telephone Call	3	(4%)
(C) Letter	41	(59%)
(D) Department Of Education Website	30	(43%)
(E) Other (please list) _____	5	(7%)

Five respondents provided five comments regarding question 28E:

-Key messages	2	(40%)
-Regional meetings	1	(20%)
-Not sure	2	(40%)

29. How does the Department of Education notify the **school district(s)** of NCLB **competitive** grant awards? (*check all that apply*)

Sixty-six respondents provided 119 responses to question 29.

(A) Electronic mail	47	(71%)
(B) Telephone Call	3	(5%)
(C) Letter	40	(61%)
(D) Department Of Education Website	24	(36%)
(E) Other (please list) _____	5	(8%)

Four respondents provided four comments regarding question 29E:

-Department newsletter	1	(25%)
-Regional meetings	2	(50%)
-Unknown	1	(25%)

30. Who in your district is responsible for applying for NCLB **competitive** grants? (*check all that apply*)

Sixty-eight respondents provided 125 responses to question 30.

(A) Superintendent	23	(34%)
(B) Business Administrator	8	(12%)
(C) Grant Manager (located in the SAU)	24	(35%)
(D) Grant Manager (located in the district)	12	(18%)
(E) Principal/Teacher In School	26	(38%)
(F) Other (please list) _____	27	(40%)

Twenty-seven respondents provided 29 comments regarding question 30F:

-Assistant superintendent	15	(56%)
-Director of curriculum or instruction	6	(22%)
-SPED director	3	(11%)
-Depends on the type of grant being applied for	3	(11%)
-Other	2	(7%)

31. How would you rate the application process for NCLB **competitive** grants? (N=66)

(A) Very Easy	0	(0%)
(B) Easy	5	(8%)
(C) Neither Easy Nor Difficult	45	(68%)
(D) Difficult	14	(21%)
(E) Very Difficult	2	(3%)

32. How would you rate the timeliness of the reimbursement process for **competitive** grants?
(N=64)

Ⓐ Very Timely	1	(2%)
Ⓑ Timely	27	(42%)
Ⓒ Neither Timely Nor Untimely	29	(45%)
Ⓓ Untimely	6	(9%)
Ⓔ Very Untimely	1	(2%)

33. How would you rate your satisfaction with the assistance the DoE provides to district(s) applying for NCLB **competitive** grants? (N=64)

Ⓐ Very Satisfied	7	(11%)
Ⓑ Satisfied	22	(34%)
Ⓒ Neither Satisfied Nor Dissatisfied	31	(48%)
Ⓓ Dissatisfied	4	(6%)
Ⓔ Very Dissatisfied	0	(0%)

34. How would you rate your satisfaction with the DoE's ability to inform districts of available NCLB funding? (N=69)

Ⓐ Very Satisfied	7	(10%)
Ⓑ Satisfied	31	(45%)
Ⓒ Neither Satisfied Nor Dissatisfied	22	(32%)
Ⓓ Dissatisfied	9	(13%)
Ⓔ Very Dissatisfied	0	(0%)

35. If your district does not apply for NCLB funds, what do you think are the main reasons not to apply?

Sixty-two respondents provided 80 responses to question 35.

Ⓐ Paperwork Takes Too Much Time	11	(18%)
Ⓑ Lack Resources To Manage Funds	6	(10%)
Ⓒ Not Aware Funds Available	11	(18%)
Ⓓ Requirements To Take NCLB Funds Too Stringent	13	(21%)
Ⓔ Other (please specify) _____	9	(15%)
Ⓕ Not Applicable	30	(48%)

Nine respondents provided 12 comments regarding question 35E:

-Not worthwhile to apply	3	(33%)
-Too small to compete/limited for small districts	3	(33%)
-Restricted by NCLB priorities	2	(22%)
-Always apply	1	(11%)
-No knowledge of these grants	1	(11%)
-Lack of personnel to write grants	1	(11%)
-Do not qualify	1	(11%)

In the final seven questions, we ask you to rate the training/workshops, instruction, and support the DoE provides to SAUs and school districts when they access NCLB funds.					
Question	Response				
	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
36. The DoE provides comprehensive training related to applying for NCLB funding. (N=67)	9 (13%)	36 (54%)	12 (18%)	8 (12%)	2 (3%)
37. The DoE provides applicable training related to applying for NCLB funding. (N=68)	11 (16%)	36 (53%)	16 (24%)	4 (6%)	1 (1%)
38. DoE written instructions for completing forms for NCLB funding are clear. (N=68)	5 (7%)	36 (53%)	20 (29%)	6 (9%)	1 (1%)
39. DoE written instructions for forms include all procedures necessary to effectively apply for NCLB funding. (N=66)	6 (9%)	36 (55%)	14 (21%)	10 (15%)	0 (0%)
40. It is clear who to contact at the DoE with questions when applying for NCLB funds. (N=68)	15 (22%)	35 (51%)	12 (18%)	5 (7%)	1 (1%)
41. The DoE provides useful responses to SAUs/school districts with questions regarding NCLB funding. (N=68)	10 (15%)	38 (56%)	15 (22%)	5 (7%)	0 (0%)
42. The DoE responds timely to SAUs/school districts with questions related to completing forms. (N=68)	12 (18%)	35 (51%)	14 (21%)	7 (10%)	0 (0%)

43. Please use the space below for any suggestions or comments on the processes used by the DoE to assist school districts in accessing NCLB funds.

- DoE helpful and responsive (4)
- DoE understaffed (4)
- Simplify entire process/time-consuming (4)
- Helpful to know funding earlier (2)
- DoE should ask districts how funds can support district initiatives (2)
- Focus is federal needs not State needs/DoE's hands are tied in regards to NCLB (2)
- Quality of DoE personnel issue (1)
- DoE does not respond in a timely fashion to district inquiries (1)
- Lack of personnel at district (1)
- Offer NCLB funds to smaller districts (1)
- Smaller regional workshops with personalized attention (1)
- Would like to see electronic applications (1)
- Condense annual training to one-half day session (1)
- Send additional reminders (1)
- E-mails should be sent to superintendents (1)
- E-mail best way to contact DoE (1)
- Tiresome to listen to how overworked DoE staff is (1)
- More time/cost efficient way could be used to establish areas where money can be used (1)
- General comment against NCLB (1)

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APPENDIX C

NCLB PROGRAM FUNDS THE DOE ASSISTS SCHOOL DISTRICTS IN ACCESSING

The following page includes a list of NCLB program funds used in this report. The list details each NCLB Title's full program name, program function, and type of grant (formula or competitive). The list is meant to be used as a resource for the Titles mentioned in this report but is not all-inclusive regarding the NCLB Act.

NCLB Program Funds The DoE Assists School Districts In Accessing

Title And Catalog Of Federal Domestic Assistance (CFDA) Number	Program Name	Program Function	Grant Type
Title I, Part A (CFDA # 84.010)	Improving Basic Programs Operated By Local Educational Agencies (LEAs)	Provides grants to LEAs so educationally disadvantaged students are assisted to meet high academic standards.	Formula
Title I, Part B (CFDA # 84.357)	Reading First	Assists states and LEAs to implement comprehensive reading instruction for grades kindergarten through three.	Competitive
Title I, Part B (CFDA # 84.213)	William F. Goodling Even Start Family Literacy Program	Supports literacy programs for low-income families including adults and children from birth to age seven.	Competitive
Title I, Part D (CFDA # 84.013)	Prevention And Intervention Programs For Children And Youth Who Are Neglected, Delinquent, Or At-Risk	Provides financial assistance to LEAs for education of neglected and delinquent youths under age 21.	Formula
Title I, Part F (CFDA # 84.332)	Comprehensive School Reform	Provides financial assistance to schools to implement whole school reforms that reflect effective practices.	Competitive
Title II, Part A (CFDA # 84.367)	Improving Teacher Quality	Combines the Dwight Eisenhower Professional Development and Class Size Reduction programs. The Dwight Eisenhower Professional Development program supported professional development for teachers of kindergarten through grade 12, while the Class Size Reduction program focused on reducing class size by hiring more teachers.	Formula
Title II, Part D (CFDA # 84.318)	Enhancing Education Through Technology	Supports integration of educational technology into classrooms.	Formula ¹
Title III, Part A (CFDA # 84.365)	English Language Acquisition, Language Enhancement, And Academic Achievement Act	Provides funds to assist districts in teaching English to limited English proficient students.	Formula
Title IV, Part A (CFDA # 84.186, 84.184)	Safe And Drug-Free Schools And Communities	Requires states to allow students who attend a persistently dangerous school to transfer to a safe school, requires states to report school safety and truancy rates to the public, and offers formula funding for schools to implement drug and violence prevention programs.	Formula
Title IV, Part B (CFDA # 84.287)	21st Century Community Learning Centers	Provides academic enrichment services, including tutorial services, to students and their families.	Competitive
Title V, Part A (CFDA # 84.298)	Innovative Programs	Provides flexible funds to states and LEAs for innovative educational programs.	Formula
Title VI, Part B (CFDA # 84.358)	Rural Education Initiative	Provides additional funds and flexibility in using certain federal funds to rural districts.	Formula
Title X, Part C (CFDA # 84.196)	Homeless Education	Revises requirements for the educating homeless children and youth.	Competitive

Note¹: Due to cuts in the program, the NH DoE obtained permission from the U.S. DoE to have competitive grants, not formula grants, for the districts for FY 2007. Formula grants would have limited the districts on what they could have done technologically.

Source: LBA analysis of NCLB Act of 2001 and DoE information.

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APPENDIX D

**UNAUDITED DoE FINANCIAL INFORMATION
STATE FISCAL YEARS 2002-2006**

The following pages include a breakdown of Table 3, Federal NCLB Funds Allocated To DoE, State Fiscal Years 2002-2006. Because the summary totals are an aggregate of all of the NCLB programs, this appendix shows each of the NCLB programs individually to further clarify the DoE's financial position. The financial information provided was calculated by the DoE and is unaudited by the LBA.

TITLE I GRANTS TO LEAS (Title I-A)						
ACCOUNT 3261 CFDA #84.010A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	21,390,479	26,874,235	29,733,465	29,264,249	32,329,034
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	7,088,163	7,501,194	10,196,618	13,490,584	14,457,332
C	TOTAL AVAILABLE FUNDS (A+B)	28,478,642	34,375,429	39,930,083	42,754,833	46,786,366
D	ALLOCATED TO STATE	675,068	773,279	758,452	764,886	756,566
E	EXPENDED BY STATE FOR ADMINISTRATION	374,837	409,694	393,025	393,839	525,745
F	EXPENDED BY STATE FOR CONTRACTS	0	0	7,400	8,474	0
G	TOTAL EXPENDED BY STATE (E+F)	374,837	409,694	400,425	402,312	525,745
H	STATE ALLOCATION LAPSED TO USDOE	0	0	276	0	2,632
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	300,231	363,585	357,752	362,574	228,188
J	ALLOCATED TO LEA'S	27,803,574	33,602,151	39,171,631	41,989,947	46,029,800
K	EXPENDED BY LEA'S	20,597,847	23,758,848	26,014,908	27,887,535	37,167,666
L	LEA ALLOCATIONS LAPSED TO USDOE	4,764	10,269	23,891	7,654	1,428
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	7,200,963	9,833,034	13,132,832	14,094,758	8,860,707
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	20,972,684	24,168,542	26,415,332	28,289,847	37,693,411
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	4,764	10,269	24,167	7,654	4,060
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	7,501,194	10,196,618	13,490,584	14,457,332	9,088,896

EVEN START STATE GRANTS (Title I-B)						
ACCOUNT 3267 CFDA # 84.213C		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	1,122,500	1,127,500	1,120,106	1,113,439	1,014,181
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	359,677	786,418	1,045,044	1,016,368	965,450
C	TOTAL AVAILABLE FUNDS (A+B)	1,482,177	1,913,918	2,165,150	2,129,807	1,979,631
D	ALLOCATED TO STATE	69,704	56,487	94,843	132,932	302,847
E	EXPENDED BY STATE FOR ADMINISTRATION	31,817	22,890	28,718	73,799	111,694
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	31,817	22,890	28,718	73,799	111,694
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	37,887	33,597	66,125	59,132	191,153
J	ALLOCATED TO LEA'S	1,412,472	1,857,431	2,070,307	1,996,875	1,676,784
K	EXPENDED BY LEA'S	662,809	845,984	1,120,064	995,732	1,309,570
L	LEA ALLOCATIONS LAPSED TO USDOE	1,133	0	0	94,826	3
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	748,530	1,011,447	950,242	906,317	367,211
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	694,626	868,874	1,148,782	1,069,531	1,421,264
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	1,133	0	0	94,826	3
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	786,418	1,045,044	1,016,368	965,450	558,364

Source: New Hampshire Department of Education, unaudited.

READING FIRST (Title I-B)						
ACCOUNT # 3274 CFDA# 84.357A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	2,158,750	2,384,319	2,451,604	2,490,935
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	1,478,266	2,399,553	3,915,657
C	TOTAL AVAILABLE FUNDS (A+B)	0	2,158,750	3,862,585	4,851,157	6,406,592
D	ALLOCATED TO STATE	0	350,807	674,587	979,778	2,210,717
E	EXPENDED BY STATE FOR ADMINISTRATION	0	86,083	118,210	103,141	373,539
F	EXPENDED BY STATE FOR CONTRACTS	0	67,001	66,920	145,605	337,672
G	TOTAL EXPENDED BY STATE (E+F)	0	153,084	185,130	248,746	711,211
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	14,876	153,252
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	197,723	489,457	716,156	1,346,253
J	ALLOCATED TO LEA'S	0	1,807,943	3,187,998	3,871,379	4,195,876
K	EXPENDED BY LEA'S	0	527,400	1,277,903	669,236	3,000,766
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	2,641	25,584
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	1,280,543	1,910,096	3,199,502	1,169,525
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	680,484	1,463,033	917,982	3,711,977
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	17,517	178,837
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	1,478,266	2,399,553	3,915,657	2,515,779

MIGRANT EDUCATION (Title I-C)						
ACCOUNT 3266 CFDA # 84.011A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	127,038	146,285	147,195	146,570	142,883
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	8,341	25,655	27,853	21,076	27,524
C	TOTAL AVAILABLE FUNDS (A+B)	135,379	171,940	175,048	167,646	170,407
D	ALLOCATED TO STATE	130,766	144,483	151,633	167,131	169,954
E	EXPENDED BY STATE FOR ADMINISTRATION	104,650	134,978	129,011	138,130	124,889
F	EXPENDED BY STATE FOR CONTRACTS	4,979	0	2,060	1,930	1,916
G	TOTAL EXPENDED BY STATE (E+F)	109,629	134,978	131,071	140,060	126,805
H	STATE ALLOCATION LAPSED TO USDOE	483	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	20,654	9,505	20,561	27,071	43,149
J	ALLOCATED TO LEA'S	4,612	27,456	23,415	514	452
K	EXPENDED BY LEA'S	(388)	9,108	22,901	62	0
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	5,000	18,347	514	452	452
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	109,241	144,086	153,972	140,122	126,805
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	483	0	0	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	25,655	27,854	21,076	27,524	43,602

Source: New Hampshire Department of Education, unaudited.

NEGLECTED AND DELINQUENT (Title I-D)						
ACCOUNT 3261 CFDA #84.013A						
	2002	2003	2004	2005	2006	
A	CURRENT FISCAL YEAR AUTHORIZATION	339,599	270,558	243,162	305,547	349,934
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	264,698	503,781	503,918	436,697	521,667
C	TOTAL AVAILABLE FUNDS (A+B)	604,297	774,339	747,080	742,244	871,601
D	ALLOCATED TO STATE	8,440	4,254	14,073	15,923	6,160
E	EXPENDED BY STATE FOR ADMINISTRATION	8,205	3,752	2,263	3,992	3,948
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	8,205	3,752	2,263	3,992	3,948
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	36	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	235	502	11,810	11,895	2,211
J	ALLOCATED TO LEA'S	595,856	770,086	733,007	726,320	865,441
K	EXPENDED BY LEA'S	92,311	226,539	308,121	180,304	499,261
L	LEA ALLOCATIONS LAPSED TO USDOE	0	40,131	0	36,245	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	503,545	503,416	424,887	509,772	366,181
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	100,516	230,291	310,383	184,296	503,209
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	40,131	0	36,281	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	503,781	503,918	436,697	521,667	368,392

COMPREHENSIVE SCHOOL REFORM DEMONSTRATION PROGRAM (Title I-F)						
ACCOUNT 4133 CFDA # 84.332A						
	2002	2003	2004	2005	2006	
A	CURRENT FISCAL YEAR AUTHORIZATION	712,884	876,961	871,182	872,750	459,928
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	790,534	637,513	772,008	702,763	565,242
C	TOTAL AVAILABLE FUNDS (A+B)	1,503,418	1,514,474	1,643,190	1,575,513	1,025,170
D	ALLOCATED TO STATE	65,061	85,149	94,441	105,061	87,476
E	EXPENDED BY STATE FOR ADMINISTRATION	18,868	16,822	27,366	27,411	33,472
F	EXPENDED BY STATE FOR CONTRACTS	17,898	17,445	5,650	5,711	22,100
G	TOTAL EXPENDED BY STATE (E+F)	36,766	34,267	33,016	33,122	55,572
H	STATE ALLOCATION LAPSED TO USDOE	0	0	3	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	28,295	50,882	61,423	71,939	31,905
J	ALLOCATED TO LEA'S	1,438,357	1,429,325	1,548,750	1,470,453	937,695
K	EXPENDED BY LEA'S	824,178	707,138	905,210	974,670	703,100
L	LEA ALLOCATIONS LAPSED TO USDOE	4,961	1,061	2,198	2,479	32
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	609,218	721,126	641,341	493,304	234,564
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	860,944	741,405	938,226	1,007,792	758,672
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	4,961	1,061	2,201	2,479	32
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	637,513	772,008	702,763	565,242	266,467

STATE GRANT -(ADVANCED PLACEMENT PROGRAM)(Title I-G)						
ACCOUNT # 3273 CFDA# 84.330A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	12,000	12,000	0	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	12,000	18,670	13,902	12,000	0
C	TOTAL AVAILABLE FUNDS (A+B)	24,000	30,670	13,902	12,000	0
D	ALLOCATED TO STATE	12,000	23,902	13,902	12,000	0
E	EXPENDED BY STATE FOR ADMINISTRATION	98	10,000	0	0	0
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	98	10,000	0	0	0
H	STATE ALLOCATION LAPSED TO USDOE	0		1,902	12,000	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	11,902	13,902	12,000	12,000	0
J	ALLOCATED TO LEA'S	12,000	6,768	0	0	0
K	EXPENDED BY LEA'S	5,232	6,713	0	0	0
L	LEA ALLOCATIONS LAPSED TO USDOE		55	0	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	6,768	0	0	0	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	5,330	16,713	0	0	0
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	55	1,902	12,000	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	18,670	13,902	12,000	0	0

ADVANCED PLACEMENT TEST FEE PROGRAM (Title I-G)						
ACCOUNT # 3273 CFDA# 84.330B		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	0	12,750	15,600	19,080
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	0	12,750	17,118
C	TOTAL AVAILABLE FUNDS (A+B)	0	0	12,750	28,350	36,198
D	ALLOCATED TO STATE	0	0	12,750	28,350	36,198
E	EXPENDED BY STATE FOR ADMINISTRATION	0	0	0	11,232	9,880
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	0	0	0	11,232	9,880
H	STATE ALLOCATION LAPSED TO USDOE	0		0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	0	12,750	17,118	26,318
J	ALLOCATED TO LEA'S	0	0	0	0	0
K	EXPENDED BY LEA'S	0	0	0	0	0
L	LEA ALLOCATIONS LAPSED TO USDOE			0	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	0	0	0	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	0	0	11,232	9,880
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	0	12,750	17,118	26,318
NOTE: THE \$19,080 IS NOT ON OLD SHEET NEW GRANT STARTED 10/1/2005						

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SCHOOL DROPOUT PREVENTION PROGRAM (Title I-H)						
ACCOUNT # 4110 CFDA# 84.360A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	496,801	526,501	227,123	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	479,660	367,941	209,205
C	TOTAL AVAILABLE FUNDS (A+B)	0	496,801	1,006,161	595,064	209,205
D	ALLOCATED TO STATE	0	0	0	0	0
E	EXPENDED BY STATE FOR ADMINISTRATION	0	0	0	0	0
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	0	0	0	0	0
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	0	0	0	0
J	ALLOCATED TO LEA'S	0	496,801	1,006,161	595,064	209,205
K	EXPENDED BY LEA'S	0	17,141	638,220	385,859	196,091
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	479,660	367,941	209,205	13,114
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	17,141	638,220	385,859	196,091
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	479,660	367,941	209,205	13,114

IMPROVING TEACHER QUALITY STATE GRANTS (Title II-A)						
ACCOUNT # 2030 CFDA # 84.367A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	13,213,985	13,602,215	13,598,858	13,533,912
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	7,139,451	8,967,339	8,806,841
C	TOTAL AVAILABLE FUNDS (A+B)	0	13,213,985	20,741,666	22,566,197	22,340,753
D	ALLOCATED TO STATE	0	185,464	331,188	960,727	691,167
E	EXPENDED BY STATE FOR ADMINISTRATION	0	72,644	74,528	150,971	418,342
F	EXPENDED BY STATE FOR CONTRACTS	0	1,525	20,035	59,222	34,318
G	TOTAL EXPENDED BY STATE (E+F)	0	74,169	94,563	210,193	452,660
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	111,294	236,625	750,534	238,507
J	ALLOCATED TO LEA'S	0	13,028,521	20,410,478	21,605,470	21,649,586
K	EXPENDED BY LEA'S	0	6,000,364	11,679,764	13,543,994	15,991,959
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	5,168	3,473
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	7,028,157	8,730,714	8,056,308	5,654,155
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	6,074,534	11,774,327	13,754,187	16,444,619
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	5,168	3,473
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	7,139,451	8,967,339	8,806,842	5,892,662

IMPROVING TEACHER QUALITY GRANTS-State Agencies for Higher Education (Title II-A) ACCOUNT 2030 CFDA# 84.367B		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	353,178	363,031	362,946	361,297
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	160,674	405,746	297,344
C	TOTAL AVAILABLE FUNDS (A+B)	0	353,178	523,705	768,692	658,641
D	ALLOCATED TO STATE	0	17,391	82,793	165,032	87,988
E	EXPENDED BY STATE FOR ADMINISTRATION	0	2,504	9,990	5,771	8,856
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	67,541
G	TOTAL EXPENDED BY STATE (E+F)	0	2,504	9,990	5,771	76,397
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	14,887	72,803	159,261	11,591
J	ALLOCATED TO LEA'S	0	335,787	440,912	603,659	570,652
K	EXPENDED BY LEA'S	0	190,000	107,969	460,198	475,450
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	5,379	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	145,787	332,943	138,082	95,202
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	192,504	117,959	465,969	551,847
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	5,379	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	160,674	405,746	297,344	106,793

NOTE: FOR FY 2003, 2004, 2005 ADMIN & PROGRAM WAS REPORTED INCORRECTLY, THE OLD REPORT HAD ALL THE MONEY SPENT IN ADMIN AND IT SHOULD HAVE BEEN SPLIT.

MSP (MATHEMATICS AND SCIENCE PARTNERSHIPS) (Title II-B) ACCOUNT # 3279 CFDA# 84.366B		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	0	499,218	741,850	888,336
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	0	499,218	998,590
C	TOTAL AVAILABLE FUNDS (A+B)	0	0	499,218	1,241,068	1,886,926
D	ALLOCATED TO STATE	0	0	499,218	1,241,068	1,756,931
E	EXPENDED BY STATE FOR ADMINISTRATION	0	0	0	14,771	63,948
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	227,706	602,749
G	TOTAL EXPENDED BY STATE (E+F)	0	0	0	242,478	666,697
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	104,121
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	0	499,218	998,590	986,112
J	ALLOCATED TO LEA'S	0	0	0	0	129,996
K	EXPENDED BY LEA'S	0	0	0	0	129,996
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	0	0	0	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	0	0	242,478	796,693
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	0	104,121
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	0	499,218	998,590	986,112

Source: New Hampshire Department of Education, unaudited.

TRANSITION TO TEACHING (Title II-C)						
ACCOUNT # 3276 CFDA# 84.350B		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	800,000	0	0	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	799,640	556,901	237,793	106,625
C	TOTAL AVAILABLE FUNDS (A+B)	800,000	799,640	556,901	237,793	106,625
D	ALLOCATED TO STATE	800,000	799,640	556,901	237,793	100,584
E	EXPENDED BY STATE FOR ADMINISTRATION	360	30,793	72,512	7,658	31,418
F	EXPENDED BY STATE FOR CONTRACTS	0	211,946	246,596	123,511	54,629
G	TOTAL EXPENDED BY STATE (E+F)	360	242,739	319,108	131,169	86,047
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	799,640	556,901	237,793	106,625	14,537
J	ALLOCATED TO LEA'S	0	0	0	0	6,041
K	EXPENDED BY LEA'S	0	0	0	0	6,041
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	0	0	0	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	360	242,739	319,108	131,169	92,088
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	799,640	556,901	237,793	106,625	14,537

EDUCATION TECHNOLOGY STATE GRANTS (Title II-D)						
ACCOUNT # 6101 CFDA# 84.318X		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	3,075,155	0	3,214,970	3,304,308	2,400,020
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	2,329,651	3,177,610	2,398,482	3,432,283	3,930,640
C	TOTAL AVAILABLE FUNDS (A+B)	5,404,806	3,177,610	5,613,452	6,736,591	6,330,660
D	ALLOCATED TO STATE	231,856	130,163	183,908	246,782	249,808
E	EXPENDED BY STATE FOR ADMINISTRATION	98,819	107,004	102,342	116,975	182,678
F	EXPENDED BY STATE FOR CONTRACTS	3,000	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	101,819	107,004	102,342	116,975	182,678
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	130,037	23,160	81,567	129,807	67,129
J	ALLOCATED TO LEA'S	5,172,950	3,047,446	5,429,543	6,489,809	6,080,853
K	EXPENDED BY LEA'S	2,125,377	672,124	2,078,827	2,688,831	3,614,538
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	144	7,787
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	3,047,573	2,375,322	3,350,716	3,800,833	2,458,528
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	2,227,196	779,128	2,181,169	2,805,807	3,797,216
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	144	7,787
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	3,177,610	2,398,482	3,432,283	3,930,640	2,525,657

ENGLISH LANGUAGE ACQUISITION (Title III-A)						
ACCOUNT # 6114 CFDA# 84.365A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0.00	500,000	531,348	532,764	1,056,420
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0.00	0	266,297	373,292	415,318
C	TOTAL AVAILABLE FUNDS (A+B)	0.00	500,000	797,645	906,056	1,471,738
D	ALLOCATED TO STATE	0.00	156,373	235,028	218,810	354,886
E	EXPENDED BY STATE FOR ADMINISTRATION	0.00	94,623	121,855	128,105	215,039
F	EXPENDED BY STATE FOR CONTRACTS	0.00	0	4,965	2,749	2,126
G	TOTAL EXPENDED BY STATE (E+F)	0.00	94,623	126,821	130,854	217,166
H	STATE ALLOCATION LAPSED TO USDOE	0.00		0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0.00	61,750	108,207	87,957	137,720
J	ALLOCATED TO LEA'S	0.00	343,627	562,617	687,246	1,116,852
K	EXPENDED BY LEA'S	0.00	139,081	297,532	359,885	655,174
L	LEA ALLOCATIONS LAPSED TO USDOE			0	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0.00	204,546	265,085	327,361	461,678
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0.00	233,703	424,353	490,738	872,340
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0.00	0	0	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0.00	266,297	373,292	415,318	599,398

COMMUNITY SERVICE FOR EXPELLED OR SUSPENDED STUDENTS (Title IV-A)						
ACCOUNT 3095 CFDA # 84.184C		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	250,000	248,375	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	250,000	357,043	142,355
C	TOTAL AVAILABLE FUNDS (A+B)	0	250,000	498,375	357,043	142,355
D	ALLOCATED TO STATE	0	50,000	52,032	7,968	0
E	EXPENDED BY STATE FOR ADMINISTRATION	0	0	0	0	0
F	EXPENDED BY STATE FOR CONTRACTS	0	0	52,032	7,968	0
G	TOTAL EXPENDED BY STATE (E+F)	0	0	52,032	7,968	0
H	STATE ALLOCATION LAPSED TO USDOE	0		0		0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	50,000	0	0	0
J	ALLOCATED TO LEA'S	0	200,000	446,343	349,075	142,355
K	EXPENDED BY LEA'S	0	0	89,300	176,756	111,792
L	LEA ALLOCATIONS LAPSED TO USDOE			0	29,964	30,562
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	200,000	357,043	142,355	(0)
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	0	141,332	184,724	111,792
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	29,964	30,562
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	250,000	357,043	142,355	(0)

Source: New Hampshire Department of Education, unaudited.

SAFE & DRUG-FREE SCHOOLS (Title IV-A)						
ACCOUNT 3095 CFDA# 84.186A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	1,714,346	1,846,292	1,834,044	1,722,103	1,708,024
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	890,374	981,222	1,126,671	1,447,585	1,498,714
C	TOTAL AVAILABLE FUNDS (A+B)	2,604,720	2,827,514	2,960,715	3,169,688	3,206,738
D	ALLOCATED TO STATE	212,751	187,765	203,428	201,307	200,059
E	EXPENDED BY STATE FOR ADMINISTRATION	154,289	112,720	125,776	117,160	102,282
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	3,651	857
G	TOTAL EXPENDED BY STATE (E+F)	154,289	112,720	125,776	120,810	103,139
H	STATE ALLOCATION LAPSED TO USDOE	0			0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	58,462	75,045	77,652	80,497	96,920
J	ALLOCATED TO LEA'S	2,391,969	2,639,749	2,757,287	2,968,381	3,006,679
K	EXPENDED BY LEA'S	1,450,557	1,562,151	1,382,476	1,546,806	1,877,009
L	LEA ALLOCATIONS LAPSED TO USDOE	18,652	25,972	4,879	3,358	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	922,760	1,051,626	1,369,932	1,418,217	1,129,670
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	1,604,846	1,674,871	1,508,252	1,667,616	1,980,148
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	18,652	25,972	4,879	3,358	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	981,222	1,126,671	1,447,584	1,498,714	1,226,591

AFTER SCHOOL LEARNING CENTER FORMULA- 21ST CENTURY (Title IV-B)						
ACCOUNT # 3277 CFDA# 84.287C		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	1,550,946	2,776,857	4,895,445	4,856,279
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	1,255,857	1,593,514	2,547,364
C	TOTAL AVAILABLE FUNDS (A+B)	0	1,550,946	4,032,714	6,488,959	7,403,643
D	ALLOCATED TO STATE	0	77,548	189,086	264,636	290,864
E	EXPENDED BY STATE FOR ADMINISTRATION	0	43,189	94,512	116,981	182,206
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	0	43,189	94,512	116,981	182,206
H	STATE ALLOCATION LAPSED TO USDOE	0		0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	34,359	94,574	147,655	108,658
J	ALLOCATED TO LEA'S	0	1,473,398	3,843,628	6,224,323	7,112,779
K	EXPENDED BY LEA'S	0	251,900	2,344,688	3,824,614	5,636,779
L	LEA ALLOCATIONS LAPSED TO USDOE	0		0	0	15
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	1,221,498	1,498,940	2,399,709	1,475,985
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	295,089	2,439,200	3,941,595	5,818,985
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	0	15
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	1,255,857	1,593,514	2,547,364	1,584,643
FY 2005 THERE IS \$23,872 MORE SPENT IN THIS SHEET - OLD SHEET HAD \$93,109						

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EVEN START - STATEWIDE FAMILY LITERACY (Title V-A)						
ACCOUNT 3267 CFDA # 84.314B		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	152,251	152,251	0	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR		148,549	255,169	178,746	0
C	TOTAL AVAILABLE FUNDS (A+B)	152,251	300,800	255,169	178,746	0
D	ALLOCATED TO STATE	62,510	114,413	68,782	28,756	0
E	EXPENDED BY STATE FOR ADMINISTRATION	3,702	43,632	40,026	28,030	0
F	EXPENDED BY STATE FOR CONTRACTS	0	2,000	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	3,702	45,632	40,026	28,030	0
H	STATE ALLOCATION LAPSED TO USDOE	0		0	726	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	58,809	68,782	28,756	(0)	0
J	ALLOCATED TO LEA'S	89,741	186,387	186,387	149,990	0
K	EXPENDED BY LEA'S	0	0	36,397	131,300	0
L	LEA ALLOCATIONS LAPSED TO USDOE			0	18,691	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	89,741	186,387	149,990	(0)	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	3,702	45,632	76,423	159,329	0
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	19,417	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	148,549	255,169	178,746	0	0

STATE GRANTS FOR INNOVATIVE PROGRAMS (Title V-A)						
ACCOUNT 3265 CFDA # 84.298A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	1,911,525	1,911,525	1,899,100	1,472,363	985,056
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	1,339,475	1,347,504	1,643,663	1,702,737	1,490,966
C	TOTAL AVAILABLE FUNDS (A+B)	3,251,000	3,259,029	3,542,763	3,175,100	2,476,022
D	ALLOCATED TO STATE	519,604	526,067	461,051	388,865	272,105
E	EXPENDED BY STATE FOR ADMINISTRATION	300,881	301,458	282,040	275,385	174,356
F	EXPENDED BY STATE FOR CONTRACTS	11,338	8,923	1,000	0	0
G	TOTAL EXPENDED BY STATE (E+F)	312,219	310,381	283,040	275,385	174,356
H	STATE ALLOCATION LAPSED TO USDOE	0		0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	207,385	215,686	178,011	113,480	97,749
J	ALLOCATED TO LEA'S	2,731,396	2,732,962	3,081,712	2,786,235	2,203,917
K	EXPENDED BY LEA'S	1,590,028	1,304,282	1,556,506	1,408,479	1,163,722
L	LEA ALLOCATIONS LAPSED TO USDOE	1,250	703	480	270	3,316
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	1,140,118	1,427,977	1,524,726	1,377,486	1,036,879
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	1,902,247	1,614,663	1,839,546	1,683,864	1,338,078
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	1,250	703	480	270	3,316
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	1,347,503	1,643,663	1,702,737	1,490,966	1,134,628

CHARTER SCHOOLS (Title V-B)						
ACCOUNT 6424 CFDA #84.282A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	0	1,643,460	3,072,086	3,017,233
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	0	962,462	2,774,226
C	TOTAL AVAILABLE FUNDS (A+B)	0	0	1,643,460	4,034,548	5,791,459
D	ALLOCATED TO STATE	0	0	383,706	1,557,197	1,378,898
E	EXPENDED BY STATE FOR ADMINISTRATION	0	0	41,698	90,528	152,898
F	EXPENDED BY STATE FOR CONTRACTS	0	0	45,000	69,539	36,763
G	TOTAL EXPENDED BY STATE (E+F)	0	0	86,698	160,067	189,662
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	0	297,008	1,397,130	1,189,237
J	ALLOCATED TO LEA'S	0	0	1,259,754	2,477,351	4,412,561
K	EXPENDED BY LEA'S	0	0	594,300	1,100,255	1,625,740
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	0	665,454	1,377,096	2,786,821
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	0	680,998	1,260,322	1,815,402
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	0	962,462	2,774,226	3,976,057
NOTE: GRANT AMOUNT IN FY 2006 IS WRONG ON OLD SHEET IT HAS \$3,071,233 AND IT SHOULD BE \$3,017,233						

PARTNERSHIPS IN CHARACTER EDUCATION (Title V-D)						
ACCOUNT #4113 CFDA# 84.215V		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	313,404	206,443	0	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	231,665	325,737	274,114	80,383	0
C	TOTAL AVAILABLE FUNDS (A+B)	545,069	532,180	274,114	80,383	0
D	ALLOCATED TO STATE	126,399	209,847	91,292	39,212	0
E	EXPENDED BY STATE FOR ADMINISTRATION	63,143	66,910	35,875	33	0
F	EXPENDED BY STATE FOR CONTRACTS	289	20,215	27,350	31,079	0
G	TOTAL EXPENDED BY STATE (E+F)	63,432	87,125	63,225	31,112	0
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	8,100	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	62,967	122,722	28,067	0	0
J	ALLOCATED TO LEA'S	418,670	322,333	182,822	41,171	0
K	EXPENDED BY LEA'S	155,900	170,941	130,506	1,884	0
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	39,286	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	262,770	151,392	52,316	(0)	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	219,332	258,066	193,731	32,996	0
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	47,386	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	325,737	274,114	80,383	(0)	0

GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES (Title VI-A)						
ACCOUNT 6422 CFDA #84.369A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	3,912,262	3,955,207	3,991,883	4,032,787
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	3,736,102	4,417,543	4,052,601
C	TOTAL AVAILABLE FUNDS (A+B)	0	3,912,262	7,691,309	8,409,426	8,085,388
D	ALLOCATED TO STATE	0	3,810,854	7,589,901	8,145,082	5,857,804
E	EXPENDED BY STATE FOR ADMINISTRATION	0	171,846	595,475	737,080	930,108
F	EXPENDED BY STATE FOR CONTRACTS	0	4,314	2,668,264	3,440,765	4,309,549
G	TOTAL EXPENDED BY STATE (E+F)	0	176,160	3,263,738	4,177,845	5,239,657
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	3,634,694	4,326,163	3,967,237	618,147
J	ALLOCATED TO LEA'S	0	101,408	101,408	264,345	2,227,584
K	EXPENDED BY LEA'S	0	0	10,028	178,981	246,927
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	101,408	91,381	85,364	1,980,657
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	176,160	3,273,766	4,356,825	5,486,584
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	3,736,102	4,417,543	4,052,601	2,598,804

RURAL AND LOW-INCOME SCHOOLS (Title VI-B)						
ACCOUNT # 3278 CFDA# 84.358B		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	0	27,966	0	876,515	744,685
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	0	9,966	3,561	498,565
C	TOTAL AVAILABLE FUNDS (A+B)	0	27,966	9,966	880,076	1,243,250
D	ALLOCATED TO STATE	0	0	0	43,826	1,243
E	EXPENDED BY STATE FOR ADMINISTRATION	0	0	0	378	699
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	0	0	0	378	699
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	0	0	43,448	545
J	ALLOCATED TO LEA'S	0	27,966	9,966	836,250	1,242,006
K	EXPENDED BY LEA'S	0	18,000	6,405	380,363	774,256
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	770	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	0	9,966	3,561	455,117	467,750
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	0	18,000	6,405	380,741	774,955
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	770	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	0	9,966	3,561	498,565	468,295

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EDUCATION FOR HOMELESS CHILDREN AND YOUTH (Title X-C)						
ACCOUNT 3270 CFDA # 84.196A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	100,000	150,000	150,000	150,000	157,077
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	45,241	57,079	93,720	97,798	107,705
C	TOTAL AVAILABLE FUNDS (A+B)	145,241	207,079	243,720	247,798	264,782
D	ALLOCATED TO STATE	61,857	98,360	124,724	133,461	143,776
E	EXPENDED BY STATE FOR ADMINISTRATION	38,497	48,636	66,258	67,732	80,512
F	EXPENDED BY STATE FOR CONTRACTS	0	0	250	0	0
G	TOTAL EXPENDED BY STATE (E+F)	38,497	48,636	66,508	67,732	80,512
H	STATE ALLOCATION LAPSED TO USDOE	0		0	0	114
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	23,360	49,724	58,215	65,730	63,150
J	ALLOCATED TO LEA'S	83,384	108,720	118,996	114,337	121,006
K	EXPENDED BY LEA'S	49,239	64,724	79,413	72,362	84,309
L	LEA ALLOCATIONS LAPSED TO USDOE	426		0	0	4
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	33,719	43,996	39,583	41,975	36,693
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	87,736	113,360	145,922	140,093	164,821
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	426	0	0	0	118
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	57,079	93,719	97,798	107,705	99,843

EMERGENCY IMMIGRANT EDUCATION PROGRAM (Pre-NCLB Program)						
ACCOUNT # 6115 CFDA# 84.162A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	121,389	0	0	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	126,311	29,526	8,505	0	0
C	TOTAL AVAILABLE FUNDS (A+B)	247,700	29,526	8,505	0	0
D	ALLOCATED TO STATE	2,940	25	10	0	0
E	EXPENDED BY STATE FOR ADMINISTRATION	2,916	15	0	0	0
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	2,916	15	0	0	0
H	STATE ALLOCATION LAPSED TO USDOE	0		10	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	24	10	0	0	0
J	ALLOCATED TO LEA'S	244,759	29,502	8,495	0	0
K	EXPENDED BY LEA'S	212,784	15,820	0	0	0
L	LEA ALLOCATIONS LAPSED TO USDOE	2,474	5,187	8,495	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	29,501	8,495	0	0	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	215,700	15,835	0	0	0
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	2,474	5,187	8,505	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	29,526	8,504	0	0	0

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EISENHOWER STATE GRANTS (Pre-NCLB Program)						
ACCOUNT 2030 CFDA # 84.281A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	1,826,050	0	0	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	937,575	1,274,493	221,327	0	0
C	TOTAL AVAILABLE FUNDS (A+B)	2,763,625	1,274,493	221,327	0	0
D	ALLOCATED TO STATE	213,952	103,861	42,232	0	0
E	EXPENDED BY STATE FOR ADMINISTRATION	104,661	61,629	33,007	0	0
F	EXPENDED BY STATE FOR CONTRACTS	9,500	0	9,225	0	0
G	TOTAL EXPENDED BY STATE (E+F)	114,161	61,629	42,232	0	0
H	STATE ALLOCATION LAPSED TO USDOE	0		0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	99,791	42,232	0	0	0
J	ALLOCATED TO LEA'S	2,549,673	1,170,631	179,095	0	0
K	EXPENDED BY LEA'S	1,370,748	977,714	179,091	0	0
L	LEA ALLOCATIONS LAPSED TO USDOE	4,223	13,822	4	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	1,174,702	179,095	0	0	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	1,484,909	1,039,343	221,324	0	0
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	4,223	13,822	4	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	1,274,493	221,328	0	0	0

EISENHOWER HIGHER ED (Pre-NCLB Program)						
ACCOUNT 6418 CFDA# 84.281B		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	347,819	0	0	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	328,432	339,798	238,285	0	0
C	TOTAL AVAILABLE FUNDS (A+B)	676,251	339,798	238,285	0	0
D	ALLOCATED TO STATE	21,922	6,892	4,695	0	0
E	EXPENDED BY STATE FOR ADMINISTRATION	15,642	2,197	4,122	0	0
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	15,642	2,197	4,122	0	0
H	STATE ALLOCATION LAPSED TO USDOE	0		573	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	6,280	4,695	0	0	0
J	ALLOCATED TO LEA'S	654,329	332,907	233,591	0	0
K	EXPENDED BY LEA'S	313,408	98,221	231,593	0	0
L	LEA ALLOCATIONS LAPSED TO USDOE	7,403	1,095	1,999	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	333,518	233,591	0	0	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	329,050	100,418	235,715	0	0
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	7,403	1,095	2,572	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	339,798	238,285	(0)	0	0

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READING EXCELLENCE ACT (Pre-NCLB Program)						
ACCOUNT # 3274 CFDA# 84.338A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	3,273,656	0	0	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	0	3,073,143	1,939,041	600,500	0
C	TOTAL AVAILABLE FUNDS (A+B)	3,273,656	3,073,143	1,939,041	600,500	0
D	ALLOCATED TO STATE	163,682	140,887	44,148	5,202	0
E	EXPENDED BY STATE FOR ADMINISTRATION	22,795	64,738	15,946	5,145	0
F	EXPENDED BY STATE FOR CONTRACTS	0	32,000	23,000	0	0
G	TOTAL EXPENDED BY STATE (E+F)	22,795	96,738	38,946	5,145	0
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	57	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	140,887	44,148	5,202	0	0
J	ALLOCATED TO LEA'S	3,109,974	2,932,256	1,894,892	595,297	0
K	EXPENDED BY LEA'S	177,718	1,037,363	1,299,595	492,336	0
L	LEA ALLOCATIONS LAPSED TO USDOE	0	0	0	102,961	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	2,932,256	1,894,892	595,297	0	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	200,513	1,134,102	1,338,541	497,481	0
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	0	103,018	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	3,073,143	1,939,041	600,500	0	0

CLASS SIZE REDUCTION (Pre-NCLB Program)						
ACCOUNT 3265 CFDA # 84.340A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	7,615,200	0	0	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	2,678,907	4,072,639	866,062	0	0
C	TOTAL AVAILABLE FUNDS (A+B)	10,294,107	4,072,639	866,062	0	0
D	ALLOCATED TO STATE	0	0	0	0	0
E	EXPENDED BY STATE FOR ADMINISTRATION	0	0	0	0	0
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	0	0	0	0	0
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	0	0	0	0
J	ALLOCATED TO LEA'S	10,294,107	4,072,639	866,062	0	0
K	EXPENDED BY LEA'S	6,216,148	3,123,934	849,822	0	0
L	LEA ALLOCATIONS LAPSED TO USDOE	5,320	82,644	16,240	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	4,072,639	866,061	0	0	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	6,216,148	3,123,934	849,822	0	0
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	5,320	82,644	16,240	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	4,072,639	866,061	0	0	0

TITLE I ACCOUNTABILITY (Pre-NCLB Program)						
ACCOUNT 3262 CFDA #84.348A		2002	2003	2004	2005	2006
A	CURRENT FISCAL YEAR AUTHORIZATION	577,187	0	0	0	0
B	CARRY OVER FROM PREVIOUS FISCAL YEAR	312,461	739,309	358,407	0	0
C	TOTAL AVAILABLE FUNDS (A+B)	889,648	739,309	358,407	0	0
D	ALLOCATED TO STATE	0	0	0	0	0
E	EXPENDED BY STATE FOR ADMINISTRATION	0	0	0	0	0
F	EXPENDED BY STATE FOR CONTRACTS	0	0	0	0	0
G	TOTAL EXPENDED BY STATE (E+F)	0	0	0	0	0
H	STATE ALLOCATION LAPSED TO USDOE	0	0	0	0	0
I	STATE ALLOCATION CARRIED OVER TO NEXT FISCAL YEAR (D-G-H)	0	0	0	0	0
J	ALLOCATED TO LEA'S	889,648	739,309	358,407	0	0
K	EXPENDED BY LEA'S	150,339	380,902	338,254	0	0
L	LEA ALLOCATIONS LAPSED TO USDOE			20,153	0	0
M	LEA ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (J-K-L)	739,309	358,407	0	0	0
N	TOTAL EXPENDED BY STATE AND LEA'S (G+K)	150,339	380,902	338,254	0	0
O	TOTAL ALLOCATIONS LAPSED TO USDOE (H+L)	0	0	20,153	0	0
P	TOTAL ALLOCATIONS CARRIED OVER TO NEXT FISCAL YEAR (I+M)	739,309	358,407	0	0	0

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APPENDIX E

CURRENT STATUS OF PRIOR AUDIT FINDINGS

The following is a summary of the status of Observations applicable to this performance audit found in the *Department Of Education Financial and Compliance Audit For The Year Ended June 30, 2000* and the *Catastrophic Aid Program, Performance Audit Report, July 1999*. Copies of the prior audits can be obtained from the Office of Legislative Budget Assistant, Audit Division, 107 North Main Street, State House Room 102, Concord, NH 03301-4906.

Our *Department Of Education Financial and Compliance Audit For The Year Ended June 30, 2000*, contains eight Observations related to our current audit.

<u>Observation Number</u>	<u>Prior Audit Observations</u>	<u>Status</u>
3.	The Department Needs To Design And Implement An Integrated Financial Management Information System	● ○ ○
8.	Controls Over The Form 2 Payment System Should Be Enhanced	● ○ ○
9.	The Department Needs To Enhance Its Operational Expertise Of Its Form 2 Payment System	● ● ●
12.	Formal Fraud Deterrence And Detection Program Should Be Established	○ ○ ○
13.	Formal Fraud Reporting Policy Should Be Established	● ● ●
15.	Audit And Financial Monitoring Function Should Be Expanded (see Observation No. 11)	● ○ ○
19.	Service Contracts Should Be Submitted For Governor And Council Approval (see Observation No. 10)	● ● ○
32.	Internal Audit Procedures Related To Subrecipient Monitoring Should Be Enhanced	● ○ ○

Our *Catastrophic Aid Program, Performance Audit Report, July 1999*, contains one Observation related to our current audit.

<u>Observation Number</u>	<u>Prior Audit Observations</u>	<u>Status</u>
4.	Projects Not Being Submitted For Governor And Council Approval (see Observation No. 10)	● ● ○

<u>Status Key</u>		<u>Frequency</u>
Fully Resolved	● ● ●	2
Substantially Resolved	● ● ○	2
Partially Resolved	● ○ ○	4
Unresolved	○ ○ ○	1

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