



ARRA REPORT BY THE  
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-08-0175

September 3, 2009

ARRA DOE SPECIAL EDUCATION PRESCHOOL

*Indiana Inspector General David O. Thomas and State Examiner Bruce A. Hartman of the Indiana State Board of Accounts report as follows:*

This report addresses an evaluation of the United States Individuals with Disabilities Education Act, or IDEA, (Special Education-Preschool)<sup>1</sup> activities within the Indiana Department of Education (DOE)<sup>2</sup>.

The Special Education program provides federal funding to compliant states and public agencies for special education and related services to children with disabilities.<sup>3</sup>

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act<sup>4</sup> (ARRA). The ARRA intends to

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<sup>1</sup> 20 USC §1400 *et seq.*

<sup>2</sup> The Indiana Department of Education (DOE) is established in IC 20-19-3-1. The state superintendent is the director. IC 20-19-3-2.

<sup>3</sup> See footnote 1, *supra*.

<sup>4</sup> American Recovery and Reinvestment Act of 2009, P.L. No. 111-5, 123 Stat. 115 (2009).

provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.<sup>5</sup>

The purpose of this report is to document a preliminary ARRA compliance review of the Special Education program by the State Board of Accounts (SBOA) and the Office of the Inspector General (OIG).

## I

To date, DOE has been awarded for this program a total of \$9,232,530 in 2009 ARRA funds to be encumbered by September 30, 2011, and liquidated by December 31, 2011. These funds are utilized to assist the State and local educational agencies to provide public education to children ages three through five with disabilities. Two year old children with disabilities who will reach age three during the school year may also be eligible at the State's discretion.

## II

The OIG's enabling statute provides that the OIG "is responsible for addressing fraud, waste, abuse and wrongdoing in agencies." IC 4-2-7-2(b).

The SBOA has similar duties, including the authority to develop and publish "accounting and uniform compliance guidelines manuals" ("Manuals") to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or "any law."

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<sup>5</sup> See: <http://www.recovery.gov>

IC 5-11-5-1(a).

Within these authorities, a preliminary review of the Special Education program was made. This review included, but was not limited to, reviewing the program objectives, meeting with the program staff, reviewing agency-completed spending plans, reviewing monthly update reports submitted to the Indiana Office of Management and Budget (OMB) and an assessment of the program's risks.

From this preliminary review, we make the following findings and recommendations.

### III

#### A

#### Findings

##### 1

We find from our initial review, except for the issue addressed below, that the controls over the Special Education program ARRA funding are adequate to meet the respective federal ARRA and State OMB guidelines and requirements.

##### 2

We did find that ARRA program revenues were posted to an object code other than the 440800 and 440801 as designated by the State Budget Agency and apprised DOE management of this issue.

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

B

Recommendation

Accordingly, our single recommendation is that any future ARRA expenditures as addressed above be made through procedures approved by the State Budget Agency.

Dated this 3<sup>rd</sup> day of September, 2009.



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David O. Thomas, Inspector General