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REPORT TO THE CONGRESS

Opportunities For Improving Administration Of Federal Program Of Aid To Educationally Deprived Children In West Virginia B 164031(1)

Office of Education
Department of Health, Education, and Welfare

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

MARCH 5, 1970

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

B-164031(1)

To the President of the Senate and the
Speaker of the House of Representatives

This is our report on opportunities for improving the administration of the Federal program of aid to educationally deprived children in the State of West Virginia. This program is authorized by title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 241a). Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U S C. 67).

Copies of this report are being sent to the Director, Bureau of the Budget, the Secretary, Department of Health, Education, and Welfare, and the Commissioner of Education.

Elmer B. Staats

Comptroller General
of the United States

Contents

ABBREVIATIONS

CEP	Comprehensive Educational Program
HEW	Department of Health, Education, and Welfare
GAO	General Accounting Office
LEA	Local educational agency
OE	Office of Education
SEA	State educational agency

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS

OPPORTUNITIES FOR IMPROVING ADMINISTRATION OF FEDERAL PROGRAM OF AID TO EDUCATIONALLY DEPRIVED CHILDREN IN WEST VIRGINIA
Office of Education
Department of Health, Education, and Welfare B-164031(1)

D I G E S T

WHY THE REVIEW WAS MADE

The Elementary and Secondary Education Act of 1965 is the Federal Government's largest single effort to improve elementary and secondary education in the United States.

Title I of the act authorizes funds for programs designed to meet the needs of children deprived of normal educational development. The programs are directed to those children living in school attendance areas having high concentrations of children from low-income families. (A school attendance area is the geographical area in which the children who are normally served by a school reside) Selection of areas is made by local educational agencies

The title I program has been funded at about $1 billion annually since its start The program requires a high degree of Federal-State-local coordination due to the different responsibilities at these levels of government.

Secondary ed.

Because of the magnitude of Federal funds involved in the program and the extent of coordination required, the General Accounting Office (GAO) reviewed the manner in which the Office of Education, Department of Health, Education, and Welfare (HEW), was administering its responsibilities under this Federal program in the State of West Virginia This is GAO's first report on title I reviews undertaken in several States.

FINDINGS AND CONCLUSIONS

in what? to what?

Program evaluation reports submitted to the Office of Education by the West Virginia Department of Education showed that, during each of the first 3 years of the program, over 100,000 children from the State's 55 school districts had participated. According to these reports, the children received various educational benefits and there was a marked improvement in their school attendance GAO did not make an overall evaluation of the administration and effectiveness of the title I program in West Virginia. Certain aspects, however, of the program administration can be strengthened. (See p. 8.)

School attendance areas were not selected for participation in the program in accordance with Office of Education's criteria. As a result, areas not having high concentrations of low-income children participated in the program. (See p. 9.) Also, selection of participating areas in two local agencies was questionable because of discrepancies in the data used in making the selections. (See p. 14.)

The Office of Education issued revised criteria for the selection of areas which, if adhered to, should result in a greater degree of program assistance to those areas having high concentrations of children from low-income families. GAO believes, however, that the Office of Education, in its field visits to State and local educational agencies, should assure itself that the criteria are being adhered to. (See p. 17.)

Salaries of about $300,000 (estimated) at three local educational agencies were charged to the title I program, but the persons' duties were not limited to that program. In accordance with Office of Education's guidelines, these salaries should have been prorated between the regular school programs and the title I program. (See p 18.)

One local educational agency used program funds of $11,400 to finance part of the cost of constructing a cafeteria to serve general educational purposes for all children of a particular school. GAO believes that such use of program funds was of questionable propriety. (See p. 22.)

Several cases were found where title I equipment costing about $30,000 was used in the regular school program. Also, one local agency purchased equipment at a cost of about $40,000 with program funds without identifying a need for it For example

--60 teacher chairs, 33 teacher desks, 610 student desks, and 110 folding-arm chairs purchased with title I funds were distributed to a new high school that had only three title I classes with an estimated need of about 60 desks.

--an adding machine, a typewriter, and a copy machine were purchased for each eligible school at one agency without determining that an actual need existed for such equipment.

GAO believes that the Office of Education should emphasize to the State educational agency the importance of limiting expenditures to program needs. (See p. 24.)

At one local agency the insurance proceeds to cover a fire loss on equipment purchased with program funds were not credited to the Federal Government. GAO believes that the Office of Education should provide guidance on the treatment of insurance proceeds covering losses of equipment acquired with program funds. (See p. 27.)

The West Virginia State Tax Commissioner made audits of the program at the local level. These audits, however, were not of the scope necessary to comply with the Office of Education's requirements. GAO believes that the Office of Education and the HEW Audit Agency should work with State officials to help ensure that audits of local educational agencies comply with the Federal requirements. (See p. 30.)

RECOMMENDATIONS OR SUGGESTIONS

The Secretary, HEW, should:

--take measures to satisfy himself that the designations of school attendance areas to participate in the title I program are being made in accordance with the current criteria. (See p. 17.)

--provide for clarification of the criteria for proration of salaries and should determine the extent to which salaries of supervisory personnel charged to the title I program by local educational agencies in West Virginia were applicable to the program. (See p. 21.)

--provide for the Office of Education and the HEW Audit Agency to meet with West Virginia State officials in an effort to resolve the problems hindering an adequate audit coverage of the title I program activities in that State. (See p. 34)

GAO made several additional recommendations designed to correct deficiencies identified in its review (See pp 23 and 28.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Assistant Secretary (Comptroller) of HEW said that the Office of Education agreed with GAO's recommendations. He said also that the West Virginia Department of Education had issued directives to its local educational agencies designed to correct a number of matters discussed in this report. The Office of Education plans a detailed study of the effectiveness of the State's directives. (See p. 35.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

This report is being issued because of expressed interest by committees and members of the Congress in the title I program

CHAPTER 1

INTRODUCTION

The General Accounting Office has made a review in the State of West Virginia of the manner in which the Office of Education (OE), Department of Health, Education, and Welfare, was administering its responsibilities under the Federal program of assistance to educationally deprived children. This program is authorized by title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 241a).

The Elementary and Secondary Education Act of 1965, enacted in April 1965, represents the largest single commitment by the Federal Government to strengthen and improve educational quality and opportunities in elementary and secondary schools across the Nation. Title I authorizes Federal financial assistance for educational programs designed to meet the special educational needs of educationally deprived children living in areas having high concentrations of children from low-income families. This program has been funded at about $1 billion annually for fiscal years 1966 through 1969.

Our review, which was concerned with selected aspects of the title I program, was performed at the West Virginia State educational agency (SEA) and at three local educational agencies (LEAs). We did not make an overall evaluation of the administration and effectiveness of the title 1 program in this State. This is our first report on title 1 reviews undertaken in several States. The scope of our review is described on page 36.

An LEA is an agency which has administrative control and direction of free public education up to and including, but not beyond, grade 12 in a county, township, independent, or other school district. There are 55 school districts in the State of West Virginia which correspond to the 55 counties of the State. We selected the LEAs in Logan, Raleigh and Fayette Counties for review. These LEAs were allocated a greater amount of program funds than most other LEAs in the State.

RESPONSIBILITY FOR PROGRAM ADMINISTRATION

OE is responsible for the overall administration of the program at the national level; SEAs are responsible for administration of the program at the State level. LEAs are responsible for developing and implementing the special educational programs to be operated within their jurisdictions. Thus the effective implementation of the title I program requires a high degree of Federal-State-local coordination.

As part of its responsibilities in administering the program, OE develops regulations and guidelines relating to the administration of the program and determines the maximum amounts to be allocated to eligible LEAs pursuant to a formula prescribed in the act.

Any State desiring to participate in the program is required by the enabling legislation to submit, through its SEA, an application to OE for review and approval. In this application the SEA is required to include assurances that it will administer the program and submit reports in accordance with the provisions of the law and the OE regulations. ?

In the administration of the program, the SEA's major responsibilities are (1) to approve project applications submitted by LEAs upon a determination that the proposed projects are designed to meet the special educational needs of educationally deprived children in school attendance areas having high concentrations of children from low-income families, (2) to ensure that title I funds are utilized only for projects which have been approved by the SEA, and (3) to adopt fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of, and accounting for, Federal funds received from OE and, in turn, paid to the LEAs to finance the approved projects.

Payments to an SEA to defray its costs of administering the program and providing technical assistance to the LEAs are authorized by the legislation; these payments may not exceed 1 percent of the total maximum grants for LEAs of the State as determined for that year or $150,000, whichever is greater.

The LEA is responsible for developing and implementing projects under the title I program. This responsibility includes determining school attendance areas eligible for participation, identifying the educationally deprived children in these areas, determining the special needs of such children, submitting applications to the SEA for grants, and carrying out the projects in accordance with the approved application and applicable rules and regulations.

FUNDING

In each of the first 4 years of the title I program--fiscal years 1966 through 1969--amounts authorized and appropriated by the Congress were as follows:

Fiscal year	Authorization	Appropriation
1966	$1,192,981,206	$ 959,000,000
1967	1,430,763,947	1,053,410,000
1968	1,902,136,223	1,191,000,000
1969	2,184,436,274	1,123,127,000

PROGRAM PARTICIPATION

OE nationwide statistics show that, in fiscal year 1966, a total of 8,299,900 children in 17,481 school districts participated in the title I program and that, in fiscal year 1967, a total of 9,046,200 children in 16,404 school districts participated. For fiscal year 1968, OE statistics show that 7,946,413 children participated during the regular school year and 2,571,294 participated during the summer. These children were from 15,910 school districts. The figures relating to the number of participating children in fiscal year 1968 cannot be combined and cannot be compared with those of prior years because some children participated in both the regular school year program and the summer program and were included in the statistics for each; whereas, for the prior years statistics, each participating child was counted once regardless of whether the child participated in both the regular school year and the summer.

Statistics obtained from OE for West Virginia showed that 105,317, 106,974, and 103,604 children had participated in the title I program in fiscal years 1966, 1967, and 1968, respectively. According to reports submitted to the SEA by the three LEAs included in our review, 15,157, 19,859, and 13,839 children participated in the program in fiscal years 1966, 1967, and 1968, respectively. Each of West Virginia's 55 school districts participated in the program in each of the 3 years.

The principal officials of HEW having responsibility for the matters discussed in this report are listed in appendix II.

CHAPTER 2

PROGRAM ADMINISTRATION

Program evaluation reports submitted to OE by the West Virginia SEA showed that over 100,000 children had participated in the title I program during each of the first 3 years of the program's existence in that State. These reports indicated that, during the 3-year period, title I assistance was made available to program participants in all 55 school districts in the State and provided various benefits, such as those listed below:

1. Students were provided time to work out individual problems at their own speed.

2. Students were able to develop in all areas of education as a result of projects which concentrated on weak reading characteristics.

3. Students were provided greater opportunity for self-expression.

4. Students were placed in classes where they received the individual aid they needed rather than being placed in overcrowded classrooms.

5. One of the overall significant comments was that there was a marked improvement in school attendance of pupils involved in the program.

We did not make an overall evaluation of the administration and effectiveness of the title I program in West Virginia to enable us to confirm these conclusions. We did note, however, a number of areas of administration in which there were opportunities for strengthening management controls. Our findings and recommendations pertaining to these matters are discussed in the following chapters of this report.

CHAPTER 3

SELECTION OF PARTICIPATING SCHOOL ATTENDANCE AREAS

Our review revealed that, as a result of instructions furnished by the SEA to the LEAs in West Virginia, a large number of school attendance areas participated in the early years of the title I program without having met the OE criteria established for program participation. A school attendance area is the geographical area in which the children who are normally served by a school reside. As a result, school attendance areas not having high concentrations of low-income children participated in the title I program. In addition, we questioned the basis of selection of school attendance areas for program participation by two LEAs because of discrepancies in the data used in making selections.

One of the primary determinations to be made by LEAs in implementing the title I program is the selection of the school attendance areas in which program funds will be expended. The title I program is intended to assist LEAs in providing assistance to educationally deprived children from school attendance areas having high concentrations of children from low-income families. In accordance with basic criteria established by OE, each LEA is required to select those school attendance areas within its jurisdiction to participate in the title I program.

IMPORTANCE OF DETERMINATION OF PARTICIPATING SCHOOL ATTENDANCE AREAS

The enabling legislation provides that funds granted under title I be used for projects which are designed to meet the special educational needs of educationally deprived children in school attendance areas having high concentrations of children from low-income families on the basis that educational deprivation usually exists in such areas.

The Senate Committee on Labor and Public Welfare and the House Committee on Education and Labor, in their respective reports on the legislation which was enacted as the Elementary and Secondary Education Act of 1965, stated that it had been apparent for sometime that there was a close relationship between conditions of poverty and lack of educational development and poor academic performance. It was further stated in the Committees' reports that testimony received during deliberations on the legislation illustrated that the conditions of poverty or economic deprivation produce an environment which, in too many cases, precludes children from taking full advantage of the educational facilities provided.

It was the Committees' belief that these children have been conditioned by their environment so that they are not adaptable to ordinary educational programs. It was stated also that environmental conditions and inadequate educational programs, rather than lack of basic mental aptitude, carry the major responsibility for the later failure of these children to perform adequately in the school system.

Regulations implementing the legislation were issued by OE on September 15, 1965, which, basically, define an area of high concentration of children from low-income families as a school attendance area where the concentration of children from low-income families is as high as or higher than the average concentration of such children for the school district as a whole. Such areas of high concentration are considered as being the program's "project area."

Since the beneficiaries of the title I program are to be the educationally deprived children who reside in areas having high concentrations of children from low-income families, it is evident that the determination of the school attendance areas to participate in each LEA is one of the more important aspects of the program in order that the limited program funds available are utilized for assisting the children intended to be served by the title I program.

PROGRAM REQUIREMENTS

In keeping with the concept that a correlation exists between the educationally deprived and economically disadvantaged, OE guidelines issued in December 1965, which supplement the title I regulations, pointed out that a school attendance area would be eligible to participate in the program if it had a concentration of children from low-income families which was equal to or greater than the average concentration of such children for the LEA as a whole.

The guidelines point out that a school attendance area is eligible if either the percentage of children from low-income families is equal to such percentage for the entire LEA, or if the number of children from low-income families in the school attendance area is equal to the numerical average of all such children in the LEA.

The guidelines issued by OE placed responsibility with the LEA for obtaining data relative to the identification of low-income families in school attendance areas within the LEA's jurisdiction. The guidelines did not specify the source data to be used in identifying children from low-income families in each school attendance area or in the LEA as a whole but, rather, provided considerable latitude to the LEA in this respect. Among the source data considered acceptable by OE were payments of aid to families with dependent children under title IV of the Social Security Act, and other welfare data; health statistics; and data from school surveys containing information on or related to family income.

In addition to the above-mentioned general guidelines issued by OE relating to these matters, specific instructions were issued in regard to the preparation of the LEA's project application. The application instructions, dated September 1965, initially issued for use in the first year of the title I program (fiscal year 1966) required that LEAs include in their project application (1) a ranking of the school attendance areas having high concentrations of children from low-income families beginning with the area having the highest concentration, (2) information substantiating the order in which the areas were listed, and (3) the source of such information.

Subsequent instructions issued by OE specifically outlined the manner in which the statistics relative to the percentage of children from low-income families and the number of such children for each school attendance area were to be compared with either the percentage or numerical average for the LEA as a whole and provided a theoretical example as shown below.

1.	Total number of children	8,298
2.	Total number of children from low-income families	996
3.	Total number of school attendance areas	14
4.	Average percentage concentration (2÷1)	12%
5.	Average numerical concentration (2÷3)	71

The instructions directed the LEAs to provide the names of the school attendance areas having concentrations of children from low-income families at least as high as the average concentration of such children for the district as a whole as determined on either a percentage or numerical basis as shown in items 4 and 5 above.

For fiscal year 1969 the criteria applicable to the methods used to qualify areas were revised to place a ceiling on the total number of school attendance areas to be accepted for participation in each LEA under the title I program, and this ceiling was to be determined on the basis of the highest number of areas that would qualify under one but not both of the prescribed bases--percentage concentration or numerical average.

INAPPROPRIATE BASES USED IN SELECTING SCHOOL ATTENDANCE AREAS

In our review we questioned the appropriateness of the bases used by LEAs in selecting school attendance areas (148 in 1966, 135 in 1967, and 120 in 1968) for participation in the title I program. Our questions stemmed from (1) the type of instructions issued by the SEA to the LEAs and (2) discrepancies in the data used by two LEAs. These matters are discussed more fully below.

SEA instructions to LEAs

Our review of project applications and certain data at the West Virginia SEA showed that, for the first year, of the title I program operation, the SEA had instructed the LEAs to obtain current data for identifying the number of children from low-income families in each school attendance area within the LEAs. The LEAs, however, were not required to compute LEA-wide averages based on the then-current data for use in making the required comparisons with the data applicable to specific school attendance areas before selecting such areas for participation in the program. Instead the SEA provided the LEAs with LEA-wide averages which were computed on the basis of the number of children from low-income families as shown in the 1960 census and instructed them to use the data for comparison with the then-current data for individual school attendance areas.

As a result of the method followed by the LEAs in selecting school attendance areas for participation in the program in fiscal year 1966, we noted that the SEA records showed that, of the 1,399 school attendance areas in the State, 148 would not have met the criteria established for participation in the program had the LEAs made their comparison using current data for both school attendance areas and the LEAs as a whole. In addition, we found that, of these 148 school attendance areas, 135 had been selected to participate in fiscal year 1967 and 120 had been selected to participate in fiscal year 1968. The difference in the number of such schools for each year can be attributed, generally, to the consolidation of school attendance areas within the State.

The SEA furnished us with a listing which showed that, of the 148 school attendance areas selected, 132 had actually participated in the first year of the title I program. It was not practical to ascertain the extent to which the 132 school attendance areas actually participated in the program during that year since these areas were located in 34 of the 55 LEAs throughout the State and the pertinent data was not available at the SEA. However, two of the LEAs included in our detailed review, within which 19 of the 132 above-mentioned school attendance areas were located, had expended in excess of $265,000 of title I funds in these 19 school attendance areas during fiscal years 1966 through 1968.

We discussed the method followed by the LEAs in selecting school attendance areas for participation in the title I program with SEA officials. These officials informed us that, in their opinion, OE had approved the use of 1960 census data in determining eligible attendance areas when it approved a schedule prepared by the SEA setting forth, in addition to the fiscal year 1966 allocation of funds for the LEAs, 1960 census data pertaining to the total number of children in the LEA, the number of children from low-income families, the percentage of low-income children to the total number of children, and the average number of low-income children for school attendance areas in each LEA.

OE officials informed us that they had not approved the practice of comparing current data relative to school attendance areas with 1960 census data relative to the LEA as a whole. These officials stated that the same year's source data used for individual school attendance areas should have been used for computing LEA-wide percentages and numerical averages. They informed us that it was permissible to use 1960 census data to determine LEA-wide statistics relative to concentrations of children from low-income families but that, in such cases, the 1960 census data should also have been used in determining the number of low-income children in each school attendance area within the LEA. However, the officials stated that, where current data relative to individual school attendance areas was available, such data should have been used to compute LEA-wide percentages and numerical averages.

The SEA title I Administrator informed us that, with the approval of OE, he had not required LEAs to drop school attendance areas from the fiscal year 1967 and 1968 programs if they had been designated as eligible and participated in the program in the previous year.

It was OE's position that a properly qualified school attendance area in which project activities were conducted but which did not qualify in a subsequent year should be phased out of the program rather than being immediately dropped from the program. It was OE's view, however, that it was not permissible for such school attendance areas to continue in the program indefinitely. OE officials stated that the same procedure would apply with respect to school attendance areas which had been selected for participation on an inappropriate basis and participated in the program.

Discrepancies in data used by LEAs

During our review at two LEAs, we noted that, for fiscal years 1967 and 1968, the LEAs' applications contained data--with respect to numbers of children in school attendance areas--which was not in agreement with supporting data maintained at the LEAs as illustrated in the following two examples.

1. One of the LEAs submitted its fiscal year 1967 application to the SEA for approval in August 1966. This application showed that the then-current percentage of low-income children for the LEA as a whole was 39 percent and the numerical average of such children for all school attendance areas in the LEA was 152. Under the criteria established by OE, those school attendance areas selected to participate in the program were to be those having concentrations of low-income children equal to or greater than either the LEA-wide percentage or numerical average. However, in listing the school attendance areas selected to participate in the program, this LEA listed all the areas having 24 percent or more low-income children. The 24 percent figure used was the LEA-wide percentage based on the 1960 census data; as previously stated the current percentage of low-income children for the LEA as a whole, which, according to OE, should have been used as a basis for selecting school attendance areas, was 39 percent.

   According to SEA and LEA officials, this inconsistency was noted by the SEA which informed the LEA that certain school attendance areas selected to participate in the program did not qualify on the basis of the application as submitted. We were informed by the LEA's title I Director that, in order for the same school attendance areas included in the title I program in fiscal year 1966 to remain in the program in fiscal year 1967, he had made adjustments to the data relative to most of the individual school attendance areas which resulted in a change in the LEA-wide figures.

   The LEA then submitted a revised application showing an LEA-wide percentage of low-income children of 32 percent instead of 39 percent and a numerical average of 135 instead of 152. These adjustments permitted the selection of those school attendance areas that participated in the previous year's title I program to participate in the title I program for fiscal year 1967.

The LEA's title I Director informed us that he had adjusted the data on the fiscal year 1968 application in the same manner as that on the fiscal year 1967 application so that the same schools would qualify in fiscal year 1968. He stated that to eliminate these schools from the fiscal year 1968 program would have resulted in excess equipment, personnel problems, and numerous complaints from the affected communities.

2. The other LEA's application for fiscal year 1967 showed a percentage and numerical average of low-income children for the LEA as a whole that was computed on an estimated 4,659 low-income children residing in the LEA's 59 school attendance areas. The application showed, however, that the number of low-income children residing in the 43 school attendance areas selected for participation in the program was 5,074, or 415 more children than the number used in computing the LEA-wide figures upon which the selection was based. In regard to this discrepancy, the LEA's title I Director stated that the 4,659 figure was based on his judgment.

   In computing the LEA-wide percentage and numerical average for fiscal year 1968, the LEA took into consideration changes in the total enrollment for the LEA as a whole but did not take into consideration certain changes in data that affected low-income children.

   We noted that the data submitted to the SEA in fiscal years 1967 and 1968 permitted the selection of the same school attendance areas that participated in the first year--the only exception being certain schools that were closed during the period.

We discussed the discrepancies that we found in reviewing the supporting data maintained by the LEAs with the responsible State officials. They acknowledged that the SEA should make a more concentrated effort to help ensure that reliable data is received from the LEAs for use in selecting school attendance areas for participation in the title I program.

CONCLUSION

It appears from our review, that, in the early years of the title I program, school attendance areas were selected for participation in a manner that was not wholly in accordance with program requirements established by OE (see p. 11). In our opinion, the revised criteria issued by OE for use beginning with fiscal year 1969 should help to concentrate program assistance to a greater degree in those school attendance areas having high concentrations of children from low-income families.

We believe that OE in its field visits to SEAs and LEAs should assure itself that the criteria are being adhered to in selecting school attendance areas for participation in the title I program so as to help ensure that the limited funds available under the title I program are used to the fullest extent to benefit the educationally deprived children residing in areas of high concentrations of children from low-income families.

RECOMMENDATION TO THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

In view of the procedural weaknesses noted in our review in West Virginia, we recommend that the Secretary take appropriate measures, including the use of the HEW Audit Agency, for ensuring that the selections of school attendance areas to participate in the title I program are made in accordance with the current applicable criteria and in furtherance of the objectives of the governing legislation.

CHAPTER 4

NEED TO CLARIFY CRITERIA

RELATIVE TO PRORATION OF SALARY COSTS

We found that the total salaries of 17 of 20 supervisors employed by the three LEAs included in our review had been charged to the title I program although the responsibilities of these individuals were not limited to title I activities. We estimate that the total salaries charged to the title I program for the 17 supervisors for a 2-year period was about $300,000.

OE guidelines point out the importance of maintaining supporting documentation for entries in the accounting records and provide that the proration of salaries to more than one program or project is a "must" for those employees who are not assigned full time to one program or approved project. According to the guidelines, such proration must be based upon the amount of time an individual devotes to the approved program and therefore must be documented by a before-the-fact statement of the estimated time that each employee will devote to the program and an after-the-fact statement of the time such person actually devoted to the program; both statements must be signed by the responsible official.

An LEA's project application sets forth the plan under which its special program for educationally deprived children will operate and for which title I funds are to be granted. We noted that the application submitted by one LEA provided that supervising specialists (curriculum specialists) would be employed in the areas of language arts, social studies, mathematics, science, health and physical education, testing, and audiovisual education to make certain that each student involved in this program would be assured of the best possible teaching that could be provided.

Although the objectives of the employment of the supervisory personnel, as stated in the LEA's approved project application, was to ensure that the educationally deprived student would receive the best possible teaching under this remedial education program, we found that the supervisors' efforts during the school year were directed toward the LEA's overall educational program rather than toward providing remedial assistance to the educationally deprived child.

The LEA's title I Director informed us that the primary responsibility of the curriculum specialists was to upgrade their particular subject area curriculum for the county school system. In addition, this official stated that the curriculum specialists acted as chairmen of the various subject matter subcommittees, which were recommended by the State Department of Education under its Comprehensive Educational Program (CEP), and assisted in the evaluation of textbooks for their respective subject areas to determine the best ones for use in the regular school system.

The objective of the CEP is to give direction to the development of a program to meet the educational needs of all children, youths, and adults. The State provides some money for the CEP, and this particular LEA was allocated about $75,000 during a 2-year period under the program to meet the objectives of the CEP. We were unable to determine the actual use of the CEP funds since there was no requirement that records of the use of such funds be maintained. We estimated that, during this same period, about $125,000 in title I funds were expended for the payment of seven supervisors' salaries. We noted that, prior to the employment of the seven supervisors whose salaries were paid for with title I funds, this LEA employed only one supervisor; the position being that of art supervisor.

We interviewed several of the supervisors, all of whom informed us that they had been involved in the CEP. Two of the supervisors informed us that they spent only about 25 and 30 percent of their time, respectively, on title I activities during the regular school year. They added that they considered all of their time during the summer applicable to the title I program. According to the LEA's title I Director, it was during the summer that teachers were available for employment under the title I program and it was during this period that the program was concentrated on the educationally deprived.

The second LEA's project application provided that helping teachers or supervisors were to be employed to give overall supervision to the projects initiated under the title I program. This supervision was to be in the fields of English, social studies, mathematics, and science at all grade levels and a supervisor or helping teacher in music.

This LEA employed ten individuals in supervisory capacities, eight of whom were paid with title I funds. We questioned whether these eight supervisors were devoting full time to the title I program. Our review showed that each supervisor was connected with the CEP and that four of these supervisors were chairmen of subject matter subcommittees. Several of these supervisors informed us that their responsibilities were not limited to title I activities. For example, LEA officials acknowledged that the spec'al education supervisor was responsible for both the county's special education program and the title I special education program. However, the salary of the special education supervisor was charged entirely to the title I program.

During fiscal years 1967 and 1968, this LEA was allocated about $90,000 in State aid to be used to accomplish the objectives of the CEP and expended about $140,000 of title I funds for the salaries of the eight supervisors.

The third LEA's approved project application provided that supervising specialists would be employed to work with the remedial teachers in the various schools of the project area and would supervise, assist and advise the remedial teachers as needed.

The LEA employed two supervisors whose salaries were charged to the title I program; there were no other supervisors employed by this LEA. Both of these supervisors informed us that they had been involved in the CEP, and one informed us that only about 50 percent of his time was devoted to title I activities. This LEA was allocated about $72,000 by the State for its CEP during a 2-year period, but it paid the entire salaries of the two supervisors amounting to about $32,000 from title I funds during this same period.

SEA personnel did not agree that the supervisors were not devoting full time to the title I program. They stated that the title I program was a part of the regular school program and that educationally deprived students should not be set apart from the other students because it would be detrimental to the educationally deprived students' self-image. We noted, however, that, in the latter two mentioned LEAs, educationally deprived students under the title I program were set apart to attend remediation classes. SEA officials were of the view that, if the title I program generates new educational services to assist educationally deprived students, even though regular students also benefit, the salaries of the supervisors are chargeable in their entirety to the title I program. We were told, however, that if the educationally deprived students were neglected by the supervisory personnel in the development of programs, the SEA would not consider that such programs were for the benefit of title I.

Although the title I program may have benefited from the services of these supervisors, the fact remains that not all of their time was devoted to the title I program. Therefore, in line with OE guidelines, the salaries of these supervisors should have been prorated between the regular school program and the title I program.

RECOMMENDATION TO THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

In view of the apparent misunderstanding on the part of SEA officials in West Virginia as to the application of OE criteria regarding the proration of salary costs to the title I program, we recommend that the Secretary (1) provide for clarification of the cited criteria to the West Virginia SEA, (2) determine the extent to which salaries of supervisory personnel charged to the title I program by LEAs in West Virginia were properly applicable to such program, and (3) make appropriate adjustments in program funds as warranted.

CHAPTER 5

CONSTRUCTION OF EDUCATIONAL FACILITIES

UNDER THE TITLE I PROGRAM

We reviewed construction projects funded with title I funds at two LEAs where approximately $200,000 or about 4 percent of total program funds were expended for construction projects during the first 3 years of the title I program. This rate of expenditure for construction at these LEAs appears to be representative of the rate for all of West Virginia, which was about 3 percent of total program funds.

The title I regulations provide that a project will not be deemed to have been designed to meet the special educational needs of educationally deprived children in the project area unless the funds made available for such a project are to be used to supplement and not to supplant State or local funds in the project area. Also, the regulations provide that the LEA's application contain an assurance that the use of title I funds in a project area will not result in a decrease in the use of State or local funds in the project area.

This policy was referred to by HEW's Office of General Counsel in an informal opinion relating to the prorating of construction costs between title I funds and local funds. The opinion stated that, although it would be permissible to use title I funds to construct a supply facility for housing title I instructional materials, it would not be permissible to construct such a facility to serve general educational purposes for all children of a local school system and to charge the title I program with that part of the cost applicable to low-income children because in such cases title I funds would be used to supplant rather than supplement State or local funds.

USE OF TITLE I FUNDS TO CONTRUCT A CAFETERIA TO SERVE TOTAL STUDENT BODY

We noted that one LEA's fiscal year 1968 title I project application provided for construction of a two-story addition at an elementary school--the upper level of the addition was to consist of two rooms, both of which were to be used exclusively for programs of instruction developed under title I, and the lower level was to consist of a cafeteria for use by all pupils in the school to eat lunch.

It was proposed that the cost of constructing the second floor would be paid entirely from title I program funds and that the cost of constructing the cafeteria and related equipment would be prorated between title I funds and local funds in relation to the number of economically disadvantaged students in the school to the total number of students in the school.

We noted that the project application mentioned that, after some remodeling at a high school and the construction of this cafeteria, only two schools in the system would be without lunch facilities and that these schools had a decline in enrollment and might soon be consolidated.

Approximately 49 percent of the total student body of the elementary school was determined to be economically disadvantaged. As a result of the sharing arrangement which provided that title I program funds be used to pay for 100 percent of the cost of the upper level (classrooms) and 49 percent of the cost of the lower level (cafeteria), the title I program was charged for $37,720 of the cost of $52,534 for constructing the addition.

On the basis of our review of the cost data, it appeared that title I funds in the amount of $11,368 were used to finance the cost of constructing a cafeteria which was to be used to serve general educational purposes for all children of the local elementary school. In line with the views expressed by HEW's Office of General Counsel in regard to HEW's policy we believe that such use of title I funds was of questionable propriety.

RECOMMENDATION TO THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

We recommend, therefore, that the Secretary examine into the propriety of the above charges to the title I program and the possibility of other cost-sharing arrangements in the State of West Virginia which may also result in the expenditure of title I funds for purposes not contemplated under the program.

CHAPTER 6

EQUIPMENT PURCHASED WITH TITLE I PROGRAM FUNDS

SEA reports show that equipment valued at about $6.4 million was procured under the title I program by LEAs in West Virginia during fiscal years 1966 through 1968. We reviewed the utilization of such equipment at two LEAs which had expended about $600,000 during this 3-year period. Our review showed that these LEAs applied for funds to purchase equipment for the title I program but used some of the equipment for purposes other than those approved in their project applications.

We noted that equipment purchased with title I funds was being used in the regular school program rather than for the purposes of the title I program and that certain equipment was purchased without any identifiable title I need therefore. We noted also that, at one LEA, the insurance proceeds to cover a fire loss on equipment originally purchased for the title I program were not credited to the Federal Government.

PROGRAM REQUIREMENTS

The title I regulations require that each application by a LEA provide assurance that the control of funds and title to property acquired with program funds be vested in a public agency for the uses and purposes for which they are granted. The regulations provide also that each LEA maintain an inventory of all equipment acquired with title I funds costing $100 or more a unit for the useful life of the equipment or until the equipment is disposed of.

The OE guidelines require that title I funds be used in accordance with approved project budgets and for the purposes for which the projects have been approved. In addition, a grantee is required to sign a statement of assurances, as the LEAs did in this case, that it will use title I funds only for the purposes for which they are granted. It is OE's policy that equipment purchased and used under an approved title I project may be used in other programs when it is not in use in the LEA's title I program. According to this policy, when the use of such equipment on other programs becomes disproportionate to the use on title I programs, it appears that the equipment is being used as general aid, contrary to the intent of the act and the regulations.

UTILIZATION OF TITLE I EQUIPMENT FOR NON-TITLE I PURPOSES

Our detailed review of title I equipment at two LEAs showed that equipment costing about $30,000 was being used for the general school program rather than for the educationally deprived children as required under the title I program. The situations which we found are briefly discussed below.

1. One LEA provided a new high school with 20 teacher desks and 390 student desks that were purchased with title I funds. The student desks accounted for about 85 percent of the total student desks in this school, although there were only three title I classes with a total estimated need of about 60 desks. Also, this school was furnished with 10 adjustable tables that were purchased with title I funds. Of these tables, 8 were located in a home economics class and 2 in the school's kitchen. We were informed that these tables were used in sewing and cooking in the home economic classes. The LEA's approved title I program did not provide for such use. The total cost of the title I equipment that was being used in the regular school program was about $8,100.

2. The same LEA provided another new high school with 60 teacher chairs, 33 teacher desks, 610 student desks and 110 folding tablet arm chairs that were purchased with title I funds. This school had three title I classes with a total estimated need of about 60 desks. The cost of title I equipment that was being used in the regular school program was about $15,600.

3. Another LEA's inventory records showed that art and music equipment and supplies at a cost of about $4,900 and remedial reading transparencies at a cost of about $1,100 were provided to four schools which the LEA did not select to participate in the title I program during fiscal years 1966 and 1967.

EQUIPMENT PURCHASES NOT RELATED TO IDENTIFIABLE NEEDS

One LEA purchased an adding machine, a typewriter, and a copy machine for each eligible school regardless of whether the school had similar non-title I equipment and regardless of the size of the school.

These three items of title I equipment having a cost of about $40,000 were issued to 50 schools even though 44 schools had at least one item of similar non-title I funded equipment, and in some cases, had two or more of the same item. Although the LEA's approved project application did provide for the purchase of the copy machines, it did not provide for the purchase of adding machines and typewriters.

We questioned whether these items of equipment were actually needed to carry on the LEA's title I program, or whether title I funds were used to meet and update the equipment needs of the county school system. The LEA's title I Assistant Director stated that the adding machines and typewriters had been purchased for each eligible school because the LEA did not know whether the schools had such equipment and it wanted to make certain that the title I Instructional Secretaries and Teacher Aides in each school had an adding machine for use in completing title I reports and a typewriter for use in performing routine work. He stated also that copy machines had been needed by the schools for the preparation of audio-visual aids and instructional materials.

The Assistant Director's statements indicated that this equipment was distributed to the schools regardless of whether the schools had similar non-title I equipment and regardless of the size of the school and the number of title I classes operating in the school. It appears, therefore, that the LEA's purchase of the equipment was not in all cases related to any identifiable need. The identification of a valid need for equipment to be used in the title I program should be a fundamental requirement of all LEAs.

NEED TO PROVIDE GUIDANCE WITH RESPECT TO TREATMENT OF FIRE LOSS RECOVERY ON TITLE I EQUIPMENT

At the time we completed our field review, one LEA had received insurance proceeds covering equipment ruined in a school destroyed by fire, but the portion of the insurance proceeds attributable to title I equipment was not credited to the Federal Government. Insurance proceeds for title I equipment in another school that was destroyed by fire had not been received.

The OE policy manual provides that, if for any reason a LEA sells title I equipment before the end of its useful life, the value of the equipment should be deducted from the amount of the LEA's entitlement for the following year. However, the manual is silent with respect to the treatment of insurance proceeds covering a fire loss on title I equipment.

The LEA's title I Director told us that, in the instance where insurance proceeds were received for the ruined equipment, there was no need to purchase replacement equipment because the displaced pupils were transferred to other schools where similar services were provided. Also, he expressed the belief that it probably would not be necessary to replace the equipment lost in the second fire.

We therefore believe and OE agreed that the recovery by a LEA of insurance proceeds for the loss of title I equipment should be deducted from the following year's entitlement, as the proceeds from a sale of such equipment is deducted, where replacement of the ruined equipment is not necessary for the continued operation of the program for which it was being used.

We were informed in December 1969 that insurance recoveries, totaling $3,445 had been received for the title I equipment ruined in these fires and that these recoveries had been deposited to the credit of the title I program as directed by the SEA.

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The SEA officials stated that they would study our findings relative to equipment purchased with title I funds to determine what corrective action should be taken. They stated also that they would make certain that a LEA's insurance recoveries attributable to the title I equipment would be credited to its next annual entitlement. They added, however, that they do not contemplate any recovery from the LEAs for equipment which may have been improperly used, unless OE directs them to make such recovery.

CONCLUSION

On the basis of our review, it appeared that certain equipment purchased with title I funds was being used for non-title I purposes or was purchased without relationship to any identifiable need for the equipment. In view of the limited funds available for carrying out the title I program, we believe that OE should emphasize to the West Virginia SEA the importance of requiring the LEAs to adhere to program requirements and to limit expenditures to identifiable program needs.

We believe also that there is a need for OE to provide guidance to LEAs with respect to the treatment of insurance proceeds covering loss of equipment acquired with title I funds.

RECOMMENDATION TO THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

We recommend that the Secretary take action to ensure that appropriate West Virginia SEA and LEA officials (1) adhere to the requirement that title I funds be used only for approved title I activities and (2) establish a valid need for equipment for use in the title I program prior to its procurement. We recommend also that the Secretary provide guidance to SEAs and LEAs with respect to the treatment of insurance proceeds covering losses of equipment acquired with title I funds.

We recommend also that the Secretary (1) institute a review of the justification for and utilization of title I equipment in the two LEAs in West Virginia covered in our review to determine whether such equipment is necessary for the conduct of the title I program in these LEAs and (2) take appropriate corrective action, as may be called for by the facts in these instances.

CHAPTER 7

AUDITS OF TITLE I PROGRAM ACTIVITIES

The title I program regulations provide that all expenditures by LEAs or SEAs be audited either by State auditors or by other appropriate auditors. OE guidelines expand on this subject to provide that such audits may be conducted as a part of the local school audit procedures prescribed by State laws or regulations. The guidelines provide further that programs for audits at LEAs be developed in accordance with generally accepted auditing standards with due consideration for Federal policies governing the use of grant funds, as well as State or local policies and procedures.

The guidelines point out that effective standards for local audits related to specific programs include, as a minimum:

1. Sufficient information for the local auditor regarding the requirements and limitations of the program to enable him to certify as to the eligibility of the expenditures reported.

2. Specific information in the audit report sufficient to permit reconciliation with amounts shown on the records in the State office and assurance that such reconciliation is actually made.

3. Assurance that exceptions reported by the auditor are brought to the attention of officials in the State office responsible for the operation of the program and assurance that appropriate adjustments or other administrative actions are taken by such officials.

The guidelines further provide that it is the responsibility of the SEA to ensure that audits of LEA expenditures conform with State laws and practices and are adequate in terms of the standards and conditions described in the guidelines whether conducted by the State agency or by outside auditors.

NEED TO EFFECTIVELY IMPLEMENT AUDIT REQUIREMENTS

Our review of the audit coverage of the title I program in the State of West Virginia showed that, although audits were being made at the LEA level by the State Tax Commissioner's Office, these audits were not of the scope necessary to comply with the audit requirements set forth in the title I guidelines.

The State audit consisted primarily of verifying that supporting documents existed for all cash receipts and expenditures by the LEA. It did not include such requirements as obtaining sufficient information to enable a certification of the eligibility of reported expenditures, verification of the correctness of prorations of costs, such as salaries and travel; and examinations into the propriety of obligations, such as those for equipment purchases. As discussed in chapters 4, 5, and 6 of this report, we noted certain weaknesses in the LEA procedures and controls relating to these aspects of program operations which indicated a need for corrective action. Had the State audits included the specific considerations required by the OE guidelines, such weaknesses may have been brought to the attention of responsible program officials for initiation of corrective action at an earlier date.

We discussed the audits made of the title I program by the State Tax Commissioner's Office with a State Assistant Superintendent of Schools and the SEA's title I program Administrator. These officials stated that, in their opinion, there was nothing they could do to bring about full compliance with the title I program audit requirements because the Tax Commissioner's Office was the only group authorized by the State law to conduct audits of LEAs and because the State Tax Commissioner did not have the personnel necessary to conduct audits of the scope required by the title I guidelines. An official of the State Tax Commissioner's Office agreed that its audits of LEAs did not fully meet the auditing standards cited in the title I guidelines and that the Tax Commissioner did not have the necessary personnel to conduct audits of the scope required by the title I guidelines.

HEW AUDITS

Audits of the title I program on behalf of HEW are conducted by the HEW Audit Agency. The HEW Audit Agency's primary objectives are to determine whether:

1. Administrative and financial internal controls are adequate to provide accurate and reliable operating and financial reports essential for management evaluation and decisions.

2. Expenditures made are only for the established projects and programs and in accordance with applicable Federal and State regulations and policies.

3. Administrative reviews have been made by the State agency to evaluate the operations of local projects or programs.

4. State and local educational agencies have properly reported their accountability for grants of Federal funds for the projects or programs conducted under the title I program.

5. Projects and programs are conducted in an economical and efficient manner and in compliance with the requirements of applicable laws and regulations and the approved State application.

The Audit Agency issued 34 reports during the period March 1, 1967, through January 1, 1970, as a result of its reviews of the title I program; there were an additional 22 reviews in process or due to be undertaken during fiscal year 1970.

With respect to the State of West Virginia, the Audit Agency had initiated a review of the title I program subsequent to the completion of our field work. We could not, therefore, evaluate the Audit Agency's conduct of the title I program audit in that State.

STUDIES TO IMPROVE AUDIT COVERAGE

We noted that the Audit Agency is involved in a Department-wide program to improve intergovernmental audit cooperation, which is focused on encouraging the States and local governments to assume an increased portion of the audit function and to avoid duplication of effort for programs involving Federal funds. Under the Department-wide program the Audit Agency has encouraged State audit agency officials to improve their capabilities to the point where they can, and will, effectively cover certain HEW programs, using guidelines developed by the Audit Agency. We were informed by Audit Agency personnel that these guidelines will include an audit guide for use by State, local, and public accountants involved in audits of the title I program.

In line with the above-mentioned objectives, the Audit Agency has undertaken 14 projects to improve State audits which cover a wide range of HEW programs, including health, public assistance, manpower training, and education, and a variety of patterns of Federal-State audit interaction. One of these projects involved the audit of the title I program. The HEW auditors expressed initial satisfaction that work performed under the project by the State of Kansas auditors was meeting Federal requirements and that State audits were becoming increasingly oriented toward compliance with Federal requirements and program management.

CONCLUSION

On the basis of our review, we believe that there is a need for improved audit coverage of the title I program by the State of West Virginia Tax Commissioner's Office. We believe also that, to achieve such improved audit coverage, OE, with the assistance of the HEW Audit Agency, should meet with State officials to resolve the problems hindering an adequate State audit coverage and to help ensure that the audits of LEAs adequately comply with the requirements of the OE guidelines.

RECOMMENDATION TO THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

We recommend, therefore, that the Secretary provide for OE and the HEW Audit Agency to meet with appropriate West Virginia State officials, in furtherance of the Department's program to improve intergovernmental audit cooperation, in an effort to resolve the problems hindering an adequate State audit coverage of the title I program activities in that State.

CHAPTER 8

AGENCY COMMENTS

The Assistant Secretary, Comptroller, HEW, commented upon our findings and recommendations in a letter dated January 5, 1970, and stated that OE concurred in the specific recommendations set forth in our report. (See app. I.)

The Assistant Secretary stated also that the West Virginia SEA had issued certain directives to its LEAs, which were designed to revise and clarify policies and procedures pertinent to a number of matters discussed in the report and to avoid recurrence of statutory and regulatory questions of compliance. He informed us that OE was planning a detailed study of these issuances and an examination of the effectiveness of these revised policy and procedural documents.

The Assistant Secretary stated further that the HEW Audit Agency had been requested by OE to examine into the activities and expenditures discussed in our report and that OE would take appropriate action to effect any necessary fiscal adjustments and to accomplish such policy and procedural changes, whether at the Federal, State, or local agency level, as are warranted.

We intend to follow up on the effectiveness of the actions to be taken by HEW as part of our continuing review of HEW programs.

CHAPTER 9

SCOPE OF REVIEW

Our review was conducted at the local educational agencies in Logan, Raleigh, and Fayette Counties and at the State educational agency in Charleston, West Virginia; at the HEW regional office in Charlottesville, Virginia; and at the Office of Education headquarters in Washington, D.C.

We examined applicable legislation and related legislative documents, Federal regulations, OE program policies and directives, project applications, reports, and other pertinent documents relating to the title I program. We interviewed personnel with responsibilities under the program at all the above-mentioned locations.

Our review was directed primarily toward an examination into (1) the procedures and criteria used in selecting the particular areas within an LEA eligible to participate in the program, (2) the allowability of charges to the program, and (3) the justification for and utilization of equipment purchased under the program.

APPENDIXES

DEPARTMENT OF HEALTH EDUCATION, AND WELFARE
WASHINGTON, D C 20201

OFFICE OF THE SECRETARY

JAN 5 1970

Mr. Philip Charam
Associate Director
United States General
Accounting Office
Washington, D.C 20548

Dear Mr. Charam:

Thank you for your letter of October 29, 1969 to The Secretary, with which you forwarded the draft report of the General Accounting Office (GAO) review of Office of Education administration, in the State of West Virginia, of the education program authorized by Title I of the Elementary and Secondary Education Act of 1965 We appreciate the opportunity to review and comment on the findings and recommendations

As you requested, the Office of Education has secured comments regarding the draft report from the West Virginia State Department of Education and from the three local educational agencies whose Title I activities were reviewed by GAO representatives.

The West Virginia State Department of Education already has issued to its local educational agencies certain directives designed to revise and clarify policies and procedures pertinent to a number of the matters discussed in the draft report and to avoid recurrence of statutory and regulatory questions of compliance Included among these issuances are directives dealing with employment of staff for Title I projects, proration of salary costs for personnel engaged part-time in Title I activities, the duties and responsibilities of County-level Title I coordinators and project directors, and local accountability for Title I equipment

Following detailed study of these issuances, the Office of Education will advise the West Virginia State Department of Education of their adequacy and of any discernible need for additional or revised instructions to the local educational agencies Further, the Office of Education will emphasize examination of the effectiveness of these revised policy and procedural documents both in its review of the report of an audit of Title I activities currently being performed in West Virginia by this Department's Audit Agency and in the course of its own next scheduled Title I program review in that State

Page 2 - Mr. Philip Charam

The draft report contains the conclusion that the revised Office of Education eligibility criteria, for use beginning with fiscal year 1969, should help to concentrate Title I program assistance to a greater degree on those West Virginia school attendance areas having high concentrations of educationally deprived children from low-income families. We believe the validity of that conclusion gains support from the response from the West Virginia State Department of Education, which reports that effective results already have been attained through application of the revised eligibility formula issued by the Office of Education.

The Office of Education concurs in the several specific recommendations set forth in the draft report. Accordingly, the Departmental Audit Agency, at the request of the Office of Education, will include in the scope of its current audit of Title I projects and administration in West Virginia an examination of the propriety and allowability of the activities and expenditures about which questions are raised in the draft report. Upon receipt of the report of that audit, the Office of Education will take appropriate action to effect any necessary fiscal adjustments and, more importantly, to accomplish such policy and procedural changes, whether at the Federal, State or local agency level, as may be indicated by the audit findings and recommendations.

Your Office's recommendations, together with the report of the Departmental audit now in progress, will be brought to the attention of the task force recently established by the Assistant Secretary/Commissioner of Education to review and to propose improvements in all the policies and procedures used to implement and administer the Title I program at all levels of government.

We are particularly appreciative of the comments in the draft report concerning the intergovernmental cooperation demonstration projects designed to improve the audit capabilities of State agencies. We are fully committed to increasing to the maximum practicable extent our efforts to assist State agencies to develop audit capabilities consistent with Federal requirements. The response by the West Virginia Department of Education indicates its awareness of this problem and its efforts, in conjunction with the State Audit Agency (Tax Commission), to effect needed changes in the scope and depth of local audits. We will review with particular interest all evidence of the effectiveness of the monitoring system established by the West Virginia State Department of Education.

Sincerely yours,

James F. Kelly

James F. Kelly
Assistant Secretary, Comptroller

PRINCIPAL OFFICIALS OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE HAVING RESPONSIBILITY FOR THE MATTERS DISCUSSED IN THIS REPORT

	Tenure of office			
	From		To	
SECRETARY OF HEALTH, EDUCATION, AND WELFARE:				
Robert H. Finch	Jan.	1969	Present	
Wilbur J. Cohen	Mar.	1968	Jan.	1969
John W. Gardner	Aug.	1965	Mar.	1968
Anthony J. Celebrezze	July	1962	Aug.	1965
ASSISTANT SECRETARY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, FOR EDUCATION:				
James E. Allen, Jr.	May	1969	Present	
Peter P. Muirhead (acting)	Jan.	1969	May	1969
Lynn M. Bartlett	July	1968	Jan.	1969
Paul A. Miller	July	1966	July	1968
Francis Keppel	Oct.	1965	May	1966
COMMISSIONER OF EDUCATION:				
James E. Allen, Jr.	May	1969	Present	
Peter P. Muirhead (acting)	Jan.	1969	May	1969
Harold Howe, II	Jan.	1966	Dec.	1968
Francis Keppel	Dec.	1962	Jan.	1966

U S GAO Wash, D C