



Audit Survival: Prepare for Audits of Hurricane Aid

If your district has taken in students who were displaced by Hurricanes Katrina and Rita, you probably know that earlier this year, the U.S. Department of Education (ED) accepted applications from states for federal aid on behalf of districts serving displaced students. This means that these districts will finally get some financial assistance.

The amount of hurricane aid that a district receives is based on the number of displaced students it serves. The accuracy of a district's reported number of displaced students will receive a lot of scrutiny, since ED is likely to monitor these funds closely, says Barbara Duffield, policy director for the National Association for the Education of Homeless Children and Youth. We'll tell you about the hurdles our experts say districts face in getting accurate student counts and administering hurricane aid funds. Plus, we'll tell you what our experts say you can do to prepare for an audit of these funds.

Obstacles to Accurate Counts

The continuing mobility of students displaced by the hurricanes makes keeping track of them—and of the dates of their enrollment in and departure from a specific district—pretty difficult, explains Duffield. Plus, some districts are still enrolling new students who continue to move from one temporary housing situation to another, she explains. And as federal benefits for displaced families—such as hotel vouchers—terminate, mobility may increase as families search for new housing arrangements, says Duffield.

An added obstacle to getting accurate displaced student counts is that when initially enrolling their children, some parents may not have indicated that they were homeless as a result of the hurricanes, because of stigma they associated with homelessness, notes Barbara James, project director for the Texas Homeless Education Office. And some districts may have labeled the displaced students as “transfers” because they weren't aware at the start of the

school year that they needed to designate the displaced students as hurricane victims, says Philip M. Cochran, senior director for Education Services in Texas. Going back many months later and trying to determine if students were misidentified and actually eligible to be counted toward hurricane aid can be a daunting task for a district, he notes.

Advice: Prepare documentation that supports your student count, urges Dudley Garidel, director of Internal Audit for the Louisiana Department of Education. If you're audited on your student counts, you'll need to show auditors that your numbers were accurate. Here are two steps you can take to provide auditors or state monitors with evidence supporting your counting of displaced students:

➤ *Document your method.* Be sure you can demonstrate how you determined that a student was displaced, says Garidel. For example, keep written documentation that describes your registration procedures and explains how you determined a student was displaced from an area that the government identified as eligible for public assistance, says Cochran. Also maintain a record of whatever information your district collected from students and their families that identifies them as eligible displaced students, he says.

➤ *Review data.* Double check your district's counts for accuracy, says Garidel. For example, district staff should re-check a sample of the district's total student count, such as the count from a designated time period or a specific school, he explains.

Demonstrating Proper Fund Use

ED will hold states accountable for the hurricane aid it distributes and expect them to carefully examine districts' use of funds, says James. This means that districts receiving hurricane aid will need to show that they've used the funds for allowable purposes, says Garidel.

According to ED's answers to *Frequently Asked Questions*, districts serving displaced students may use hurricane aid funds to:

- Compensate staff (including paraprofessionals) at schools accepting displaced students;
- Purchase class supplies and curricular materials;
- Pay for additional space in which to provide educational services;
- Provide tutoring, mentoring, and other instructional services;
- Pay reasonable transportation costs;
- Pay for health and counseling services; and
- Provide education and support services.

Advice: If you have questions about whether a proposed use of funds fits within these allowable uses, document how you decided to use the funds, says Duffield. For example, if your state's instructions are unclear, contact your state coordinator and get written clarification on what's expected from your district, recommends James. And if you consult an attorney, get his or her advice in writing as well. A clear paper trail can help explain the reasons behind your actions if questions arise during an audit or monitoring visit, says Garidel.

Also, be sure to follow your district's standard procedure for use of federal funds. If you follow the provisions in the Education Department General Administrative Regulations (EDGAR) and handle your accounting practices as you would for any federal grant, your district will be well prepared for any auditor or state monitor, Cochran advises. And you'll also need to follow your state's instructions for using hurricane aid funds to the letter, advises James.

Payments for Private Schools Scrutinized

The federal hurricane aid package includes funds for expenses incurred by private schools that have enrolled

displaced students. ED's *letter* inviting applications for aid explains that the parents of a displaced student who attends a private school must apply for aid, and the private school must certify that it has enrolled the student. When the district receives aid, it must transfer funds to accounts set up on behalf of the students enrolled at these private schools.

Advice: Be sure to maintain documentation regarding any payments your district makes on behalf of displaced students, says Duffield. Also ensure you have attestations from the private schools verifying the students' enrollment, says Cochran. ♦

INSIDER RESOURCES

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- Letter: "Dear Colleague" Ltr. (1/11/06) announcing ED is accepting applications for aid, available at: <http://hurricanehelpforschools.gov/proginfo/dear-colleague.doc>.
- Frequently Asked Questions: "Vol. I Revd. Frequently Asked Questions, Emergency Impact Aid for Displaced Students," 2/2/06, available at: <http://hurricanehelpforschools.gov/proginfo/faq-impact.pdf>.
- For more information about the federal aid for states serving displaced students see: <http://hurricanehelpforschools.gov/proginfo/index.html>. General information and resources for schools serving displaced students are also available at ED's "Hurricane Help for Schools" main Web page: <http://hurricanehelpforschools.gov>.