



PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE PROGRAM

Performance Audit, September 2013 Report Highlights



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PURPOSE

Determine whether the Public School Capital Construction Assistance Board (the Assistance Board) and the Department of Education (the Department) have managed the Public School Capital Construction Assistance Program (the Program) in compliance with statutes and ensured the most equitable, efficient, and effective use of funds available to provide grants to Colorado school districts for school capital construction.

BACKGROUND

- Statute created the Assistance Board to develop the Program to provide financial help to school districts that have difficulty financing projects to build, renovate, or maintain schools so that unsafe or overcrowded schools do not impair students' abilities to learn.
- The Assistance Board was required by statute to assess and prioritize public school capital construction needs statewide and spent \$12 million for a statewide financial assistance priority assessment (Priority Assessment) that identified approximately \$13.9 billion in school capital construction needs in Colorado.
- In Fiscal Years 2009 through 2014 the Assistance Board awarded about \$1.1 billion to fund 211 school capital construction projects, including about \$759 million in state funds and about \$330 million in district matching funds.

OUR RECOMMENDATIONS

- Identify and prioritize critical school capital construction needs in the state based on statutory criteria and use the results as a basis for providing grants to school districts.
- Improve grant decision making processes to ensure transparency and adherence to statutory direction.
- Improve policies to prevent conflicts of interest for Assistance Board members.
- Establish written policies and procedures to strengthen management of grant contract budgets and monitoring of grant projects.

The Assistance Board and Department agreed with all of our recommendations.

AUDIT CONCERN

The Assistance Board has awarded over \$1 billion in state and local funds as part of the Program without identifying critical public school capital construction needs and prioritizing those needs throughout the state. As a result, it is unclear how well the Assistance Board is accomplishing the statutory intents of ensuring that public schools are safe and uncrowded and that public funds are used equitably, efficiently, and effectively to improve public schools.

KEY FACTS AND FINDINGS

- The Assistance Board has not prioritized public school capital construction needs throughout the state or identified school districts with critical capital construction needs and helped those districts apply for grants, as required by statute.
- Schools with critical needs may not be receiving grants. To identify critical needs, one indicator we used is an industry standard index that indicates that a facility has significant deficiencies and likely needs to be replaced. Of the 70 schools with critical needs, only about half have applied for grants to address their needs and only one-quarter have been awarded grants. Further, the Assistance Board funded projects that were classified as low importance while denying projects that were high importance and awarded cash grants for projects that did not address deficiencies rated as high-priority.
- The Assistance Board does not have adequate methods to determine and consider a school district's ability to finance capital construction projects, as required by statute. First, the Assistance Board's calculations of school district matching fund requirements do not accurately reflect the relative financial capacity of the districts to provide matching funds. Second, the Assistance Board does not have a tool to evaluate matching fund waiver requests and granted waivers to districts that appear to have greater capacity to fund their own projects while denying waivers to other districts with less capacity.
- The Assistance Board's conflict of interest policies do not comply with the Colorado Code of Ethics and we found two board members had voted on grant applications with which they had conflicts, in violation of both the Assistance Board's policies and statute.
- Of five projects we reviewed, we identified \$1.7 million in expenditures that appear questionable, including \$877,000 for 1,364 laptops and iPads for one school, over half of which were used by other schools in the district. These funds could have been made available to address other health and safety projects that did not receive funding.

For further information about this report, contact the Office of the State Auditor
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