



Internal Audit of the SCDE's Child Early Reading and Development Education Program Allocations

Pursuant to Provisos 1.48 and 1A.26

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Ellen E. Weaver

State Superintendent of Education

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Overview

The Child Early Reading and Development Education Program (CERDEP) is a full day, 4K program available for eligible students residing in any school district that has availability of space. Student eligibility as defined by Section 59-156-130 is an annual family income of one hundred eighty-five percent or less of the federal poverty guidelines as promulgated annually by the United States Department of Health and Human Services or a statement of Medicaid eligibility.

Per Provisos 1.48 and 1A.26 for fiscal year 2023-24, “Annually, the Department of Education is directed to audit the annual allocations to public providers to ensure that allocations are accurate and aligned to the appropriate pro rata student allocation, materials, and equipment funding. In the event the department, during the audit process determines that the annual allocations of the prior year are not accurate, the department must adjust the allocation for the current fiscal year to account for the audit findings.”

Audit Objective

The objective of the audit was to determine if CERDEP funds were allocated by the South Carolina Department of Education (SCDE) in accordance with applicable state laws and regulations during fiscal year 2023-24.

Audit Scope

The scope of the audit includes all CERDEP allocations for fiscal year 2023-24.

Audit Methodology

During the audit, we performed the following:

- Reviewed and recalculated the CERDEP allocations for fiscal year 2023-24
- Reviewed applicable state laws, provisos, and other applicable guidance related to CERDEP allocations
- Reviewed South Carolina Code of Laws, Title 59 Chapter 156 (Child Early Reading Development and Education Program)
- Reviewed Provisos 1.48 (SDE: Full-Day 4K) and 1A.26 (SDE-EIA: Full-Day 4K)
- Interviewed appropriate staff involved in the CERDEP funds allocation process to gain an understanding of how funds are currently allocated to school districts

CERDEP Allocation Method

CERDEP funding is based on a pro rata formula. The total number of enrollment days for a district in a reporting period is divided by the enrollment period to calculate average daily membership (ADM). This amount is then multiplied by the annual rate, \$5,100 for fiscal year 2023-24, to determine the current year's allocation. CERDEP allocation payments are included as a part of a school district's total monthly payments.

The initial CERDEP funding is based on the district's prior year's 135th day student count received from SCDE's Office of Research and Data Analysis (ORDA). ORDA sends the Office of Finance (Finance) updated student counts quarterly (45-day, 90-day, and 135-day). When Finance receives the 45-day or 90-day data from ORDA, the reconciliation process begins. When the current 135-day student count is available, Finance performs a reconciliation of CERDEP allocations using the current CERDEP student count from ORDA. The initial allocations are compared to the new allocation calculations. If it is determined that a school district was overpaid in CERDEP funds, Finance subtracts the overpayment amount from the amount that would be sent in the next payment. School districts with new classrooms are also allocated up to an additional \$10,000 for each new classroom. For fiscal year 2023-24, there were 56 new classrooms.

Results

The Office of Audit Services (OAS) reviewed the CERDEP allocations for fiscal year 2023-24. During the review, OAS verified that all data included in the calculation for CERDEP allocations was correct and verified all CERDEP allocations amounts for each school district were calculated correctly. The CERDEP payments for each school district were verified to ensure the amounts paid were the correct amount. The total amount allocated to districts for CERDEP instructional costs under Proviso 1.48 was \$70,651,811.11, and the total amount provided to districts for new CERDEP classrooms was \$560,000.

Conclusion

Based on our review, all CERDEP allocations to school districts for fiscal year 2023-24 were accurate and aligned to the appropriate pro rata per student allocation and new classroom requests.