



**FAIRFAX COUNTY
PUBLIC SCHOOLS**

Office of Auditor General
8115 Gatehouse Road
Falls Church, Virginia 22042

December 14, 2022

Subject: FY23 Continuous Monitoring ESSER III Transactions (Second Continuous Monitoring Results)

Office of Auditor General (OAG) is issuing this memorandum to communicate the results for the continuous monitoring procedures performed for the ESSER III transactions. The procedures were performed in accordance with the Fiscal Year (FY) 2023 audit plan approved by the Fairfax County School Board.

OAG monitors the ESSER III transactions via continuous monitoring on a periodic basis and will continue to monitor the transactions throughout the term of the grant. Continuous monitoring procedures allow OAG to utilize technology-based audit techniques to analyze patterns and trends and select and test transactions. These methods will enable OAG to further understand risks and identify exceptions in a timely and efficient manner.

Overall, with this continuous monitoring, it appears that internal controls are implemented and transactions appear to be allowable. OAG did not identify any notable items of concern. In addition, OAG was able to follow-up on observations from the prior continuous monitoring and determined that transactions were properly credited and reclassified.

Background

The purpose of the American Rescue Plan (ARP) Act Elementary and Secondary School Emergency Relief (ESSER) III Fund authorized by Congress [funding passed through the Virginia Department of Education (VDOE)] is to help safely reopen and sustain the safe operation of schools and address the impacts of COVID-19 on the nation's students by addressing students' academic, social, emotional, and mental health needs. The FCPS ESSER III funding allocation is \$188.8 million for expenses related to the pandemic to be spent over multiple years. The grant award period is from March 13, 2020, through September 30, 2024.

The FCPS' ESSER III Spending Plan is a multi-year initiative that outlines how the division will address the impact of COVID on students by addressing their academic, social, emotional, and mental health needs. The spending plan is focused on four areas to be allocated for FY22 to FY24:

Category	Total Funding	Percent
Unfinished Learning (Learning Loss)	\$86,164,646	46%
Student Academic and Social, Emotional, Mental Health Needs (Wellness)	\$68,753,174	36%
Other Use of Funds	\$32,251,793	17%
Prevention and Mitigation Strategies	\$1,593,516	1%
Total	\$188,763,129	100%



Expenditures

According to the spending update presented at the School Board Meeting on November 3, 2022, as of September 30, 2022, the ESSER III expenditures totaled \$53,791,116 in actual expenditures for FY22 and \$21,950,317 in expenditures and obligations for FY23.

FCPS ESSER III by Program as of 9/30/2022						
Program Number	Program Description	FY22 Actual Expenditures	FY23 Revised Budget	FY23 Exp/Obligations	FY24 Budget	Total ESSER Budget
1	Intervention Special Education Teacher Contracts	20,011,005	23,749,547	3,369,840	-	43,760,552
2	Wellness Intervention	4,378,187	17,305,961	746,937	-	21,684,149
3	Family Liaison	3,198,579	-	15,180	-	3,198,579
4	Grow Your Own Pathway Professional Development	156,572	1,737,683	137,752	621,247	2,515,502
5	Equity PD for School Teams	-	809,043	1,060	762,338	1,571,381
6	Graduation Requirements Summary Analysis and Reporting Tool	-	210,000	149,875	210,000	420,000
7	Family and School Partnerships Specialist	113,082	166,406	39,840	139,744	419,232
8	Equity PD for Equity Leads	-	-	-	46,705	46,705
9	Academic Intervention	13,162,318	37,211,583	2,821,703	-	50,373,901
10	Summer Learning Program (Summer 2022)	32,105	18,057,198	11,476,901	-	18,089,303
11	Afterschool Programming and Transportation HS	2,060,705	5,552,841	519,930	4,665,741	12,279,287
12	Compensatory Services	43,060	111,525	-	92,777	247,361
13	Mitigation Measures Team	858,690	455,472	-	-	1,314,162
14	IT Cybersecurity	278,678	6,721,323	44,240	2,000,000	9,000,000
15	Bandwidth & Zoom Licenses Fees	382,420	1,617,580	1,089,173	-	2,000,000
16	Indirect Rates	93,872	1,151,206	256,386	622,539	1,867,616
17	Translators	73,919	496,322	130,970	470,857	1,041,098
18	Multilingual Engagement Communications (OCCR)	42,808	291,523	48,577	281,407	615,739
19	Grants Administration	-	-	-	402,545	402,545
20	Budget Analyst	-	158,300	-	138,371	296,671
21	Multilingual Texting Service	-	300,000	-	-	300,000
22	Multilingual Interpretation Services	43,749	156,251	379,001	-	200,000
23	Hourly multilingual interpreter compensation	156,800	-	-	-	156,800
24	Online Translation Service for Written Communication	-	-	-	-	-
25	ESSER III Project Management Team	153,346	781,267	159,743	686,699	1,621,313
26	Bus Drivers Compensation and Stipends	2,507,156	520,942	2,667	-	3,028,098
27	Classroom, Outdoor & Dining Monitors	5,863,844	6,000,000	513,311	-	11,863,844
28	ESOL Staffing	131,423	38,515	6,822	-	169,937
29	School Health	48,798	230,556	40,410	-	279,354
Total		53,791,116	123,831,043	21,950,317	11,140,969	188,763,129

This data represents unaudited financial data reported as spent or obligated as of September 30, 2022 in FOCUS (i.e. FCPS financial system). While the amounts have been allocated to ESSER III, these amounts may not represent the final amounts that have been reconciled, verified and submitted for reimbursement.

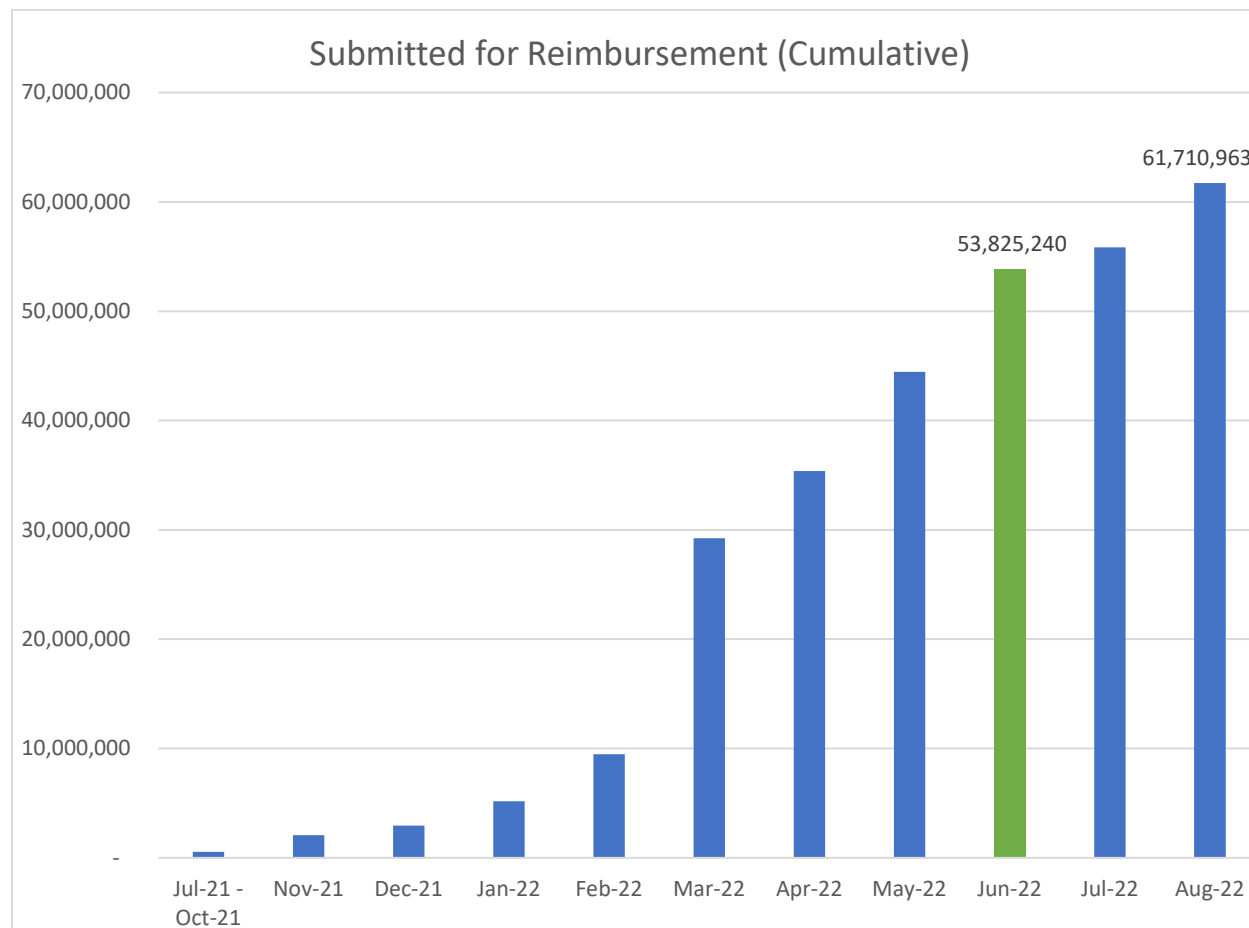
Reconciliation and Reimbursements

The ESSER Grants Administration Team ensures federal, state, and FCPS compliance requirements are met so there are no issues with reimbursements or audits. Most importantly, this team ensures all supporting documentation is on-file to meet federal program requirements and federal audit requirements. The team must also follow all FCPS accounting regulations, policies, and best practices which includes validating and reconciling purchases made with grant funding on the monthly Financial Management Report (FMR). Expenditures are not submitted for reimbursement until the team verifies the allowability of the expenditure and the appropriateness of the supporting documentation. An expenditure will be held as a reconciling item and will not be submitted for reimbursement until compliance is verified by the team.



Prior to submission of reimbursements to the state, the team must convert the FOCUS accounting codes to align with the state accounting codes and reported by program areas designated by VDOE to ensure transactions are not denied reimbursement and accuracy in financial reporting.

As of October 31, 2022, the below chart represents the **cumulative reimbursements submitted** (in dollar):



For the year ending June 30, 2022, the expenditures reported in FOCUS was \$53,791,116 versus the cumulative total of \$53,825,240 per reimbursements submitted. This represents an immaterial amount of 0.06%, and OAG passes further work.

Scope and Objectives

We conducted this audit in accordance with generally accepted government auditing standards, with the exception of peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



OAG monitors the ESSER III transactions via continuous monitoring on a periodic basis and will continue to monitor the transactions throughout the term of the grant. Continuous monitoring procedures allow OAG to utilize technology-based audit techniques to analyze patterns and trends and select and test transactions. These methods will enable OAG to further understand risks and identify exceptions in a timely and efficient manner.

To date, this is the second continuous monitoring conducted by OAG. The scope and objectives for each continuous monitoring (CM) conducted are detailed below:

1. FY23 Continuous Monitoring (February 1, 2022 through April 30, 2022)

This is the current reporting period (Second CM).

The primary objective of this continuous monitoring was to assess compliance with applicable regulations, policies, and grant agreements, determine if internal controls are adequate and functioning as intended, and determine if transactions are allowable, do not appear to be fraudulent, and proper supporting documentation is maintained.

This continuous monitoring engagement focuses on ESSER III expenditures that were submitted and approved for reimbursement from the state to align the review with the timing of reconciliation and reimbursement of the expenditures. The scope period of this review consisted of ESSER III expenditures that included reimbursements for the three months of February 1, 2022 through April 30, 2022, totaling \$30,195,450.

2. FY22 Continuous Monitoring (July 1, 2021 to January 31, 2022)

This was the prior reporting period (First CM).

OAG conducted the first continuous monitoring in accordance with the FY 2022 audit plan and presented the results to the Audit Committee on June 22, 2022. The primary objective of this continuous monitoring was to assess compliance with applicable regulations and policies, determine if internal controls are adequate and functioning as intended, and determine if transactions are reasonable and do not appear to be fraudulent.

The scope period consisted of ESSER III expenditures that were incurred for the seven months period from July 1, 2021 to January 31, 2022, totaling \$3,109,924.

Methodology

To satisfy the audit objectives, OAG performed the following:

- Reviewed the applicable ESSER III terms and conditions to include the ESSER III Fund provisions outlined in the ARC Act, the regulations in the United States Department of Education's General Administrative Regulations (EDGAR) in 34 of the Code of the Federal Regulations (CFR), and the regulations in 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.



- Interviewed key personnel to gain an understanding of the FCPS processes for ESSER III grant administration, FCPS spending guidance and approval of ESSER III expenditures.
- Inquired with Cherry Bekaert, FCPS' external auditors, to understand the audit testing and reportable items identified during the FY 2022 annual federal grant audit, related to ESSER III grant.
- Performed a test of transactions, on a sampling basis, to ensure expenditures are accurate and allowable, complied with ESSER III and FCPS requirements, and proper supporting documentation is maintained.
- Performed follow-up on prior observations noted in previous continuous monitoring to ensure transactions were properly credited or reclassified.

OAG Organization

OAG is free from organizational impairments to independence in our reporting as defined by government auditing standards. OAG reports directly to the Fairfax County School Board through the Audit Committee. We report the results of our audits to the Audit Committee and the reports are made available to the public via the FCPS website.

We appreciate the consultation, cooperation, and courtesies extended to our staff by the Financial Services, the ESSER III Grant Administration Team and the ESSER III Project Management Team.

Continuous Monitoring Results

The following are the key audit procedures and results. In summary, OAG did not identify any reportable findings.

- (1) Through the inquiry with Cherry Bekaert, OAG noted that ESSER grant expenditures under the Education Stabilization Fund (ESF) federal award were audited as a Type A and major program¹ within the FY 2022 annual federal grant audit. Cherry Bekaert did not identify any reportable findings.
- (2) Of the total \$30,195,450 in the scope population:
 - a. OAG reviewed the appropriateness of \$11,063,232 in funds reclassified for salaries of special education teachers. As included in the approved spending plan, 30-minutes was added to special education teacher contracts and thus additional amounts were allocated as ESSER III expenditure. Going forward, these funds will be classified monthly, as part of the ESSER III expenditure.
 - b. The audit team used auditing software, IDEA, to select a stratified random sample of expenditures occurred during the audit scope period. In this continuous monitoring, 70 ESSER III transactions were selected totaling

¹ A risk-based approach to determine which Federal programs are major programs under the Code of Federal Regulations. This risk-based approach must include consideration of current and prior audit experience, oversight by Federal agencies and pass-through entities, and the inherent risk of the Federal program. Type A programs are defined as Federal programs with Federal awards expended during the audit period exceeding specified levels.



\$2,204,174. The table below summarizes the progress on the continuous monitoring:

Transactions	FY22 # of Sample	FY22 \$ of Sample	FY22 \$ of Population	FY23 # of Sample	FY23 \$ of Sample	FY23 \$ of Population
	First CM (7/1/21 – 1/31/22)			Second CM (2/1/22 – 4/30/22)		
Payroll	36	\$143,218	\$2,719,279	35	\$1,975,496	\$27,120,066
Materials and Supplies	7	\$38,426	\$117,989	25	\$103,186	\$2,140,191
Maintenance Contract	-	\$ -	-	-	\$ -	\$191,586
Contracted Services	7	\$237,770	\$272,656	10	\$125,492	\$743,607
Total	50	\$419,414	\$3,109,924	70	\$2,204,174	\$30,195,450

Transactions were tested for the following attributes:

- Employees paid from the grant were in compliance with the federal time and effort requirements, followed FCPS Human Resources and time reporting requirements.
- The purchase of goods and services adhered to FCPS and federal procurement requirements.
- ESSER III monthly reconciliation reports were properly reviewed, verified, and supported.
- ESSER funds were pre-approved and spent in accordance with the approved spending plans.

(3) OAG was able to follow-up on observations from the prior continuous monitoring and determined that transactions were properly credited and reclassified. The follow-up results are detailed below.

Observation	Corrective Action	Follow-Up Results
Pay Bands of Hourly Instructional Assistants	The difference in incorrect pay amount to be credited during the next reimbursement request.	The adjustments were accounted for as part of the March and April VDOE reimbursement submissions
Accuracy of Supporting Documentation	No corrective action deemed necessary	OAG sampled stipends in the second continuous monitoring and did not identify any exceptions.
Central Location of Supporting Documentation	Two transactions were reclassified and credited reflected during the next reimbursement request.	Journal entries were completed and accurately reflected in the May/June VDOE reimbursement submission.

OAG will continue to monitor the ESSER III transactions via CM. OAG expects to perform the next CM on ESSER III transactions in early spring of 2023.