



September 11, 2023

**Subject: FY23 Continuous Monitoring ESSER III Transactions (Third Continuous Monitoring Results)**

Office of Auditor General (OAG) is issuing this memorandum to communicate the results for the ESSER III transactions' continuous monitoring procedures. 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. 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.

During this continuous monitoring, OAG reviewed ESSER III transactions, on a sample basis, from June 1, 2022 through January 31, 2023, expenditures totaling \$51,918,348. Overall, internal controls are implemented and transactions appear to be allowable. However, OAG identified an observation related to process improvements to validate pay bands and pay rates.

**Background**

The purpose of the American Rescue Plan (ARP) Act Elementary and Secondary School Emergency Relief (ESSER) III Fund authorized by 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 Elementary and Secondary School Emergency Relief (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)	\$86,470,852	45.8%
Student Academic and Social, Emotional, Mental Health Needs (Wellness)	\$78,811,863	41.8%
Other Use of Funds	\$22,080,414	11.7%
Prevention and Mitigation Strategies	\$1,400,000	0.7%
<b>Total</b>	<b>\$188,763,129</b>	<b>100%</b>



Additional information on ESSER III can be found in **Appendix III**.

## **Scope and Objectives**

We conducted this audit in accordance with generally accepted government auditing standards. 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 third continuous monitoring conducted by OAG. The scope and objectives for each continuous monitoring (CM) conducted are detailed below:

### **1. FY23 Continuous Monitoring (June 1, 2022<sup>1</sup> through January 31, 2023)**

This is the current reporting period (Third 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 in reimbursements for the eight months from June 1, 2022 through January 31, 2023, totaling \$51,918,348.

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

This was the prior 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.

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<sup>1</sup> The third continuous monitoring starts June 1, 2022, so OAG could capture FY22 adjustments. The month of May was not included due to internal controls being the same from prior months reviewed.



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 in reimbursements for the three months of February 1, 2022 through April 30, 2022, totaling \$30,195,450.

### **3. FY22 Continuous Monitoring (July 1, 2021 to January 31, 2022)**

This was the first 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.
- Reviewed the audit report issued by VDOE in May 2023.
- 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 a test of employee pay rates to ensure pay bands agreed with ESSER III Spending Guidance and FCPS Hourly Pay Band Schedule.

## **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 for this continuous monitoring. In summary, OAG did not identify any reportable findings; however, **one observation was noted related to process improvements to validate pay bands and pay rates (item 3 below):**

- (1) VDOE completed an audit of ESSER funds on April 10, 2023, and noted that FCPS programs and activities met the program's requirements. No exceptions or corrective actions were issued by VDOE.
- (2) The audit team used auditing software, IDEA, to select a stratified random sample of expenditures that occurred during the audit scope period. In this continuous monitoring, 50 ESSER III transactions were selected totaling approximately \$994,741. The table below summarizes the progress completed by OAG:

Transaction Types	Prior* Reviews' # of Sample	Prior* Reviews' \$ of Sample	Prior* Reviews' \$ of Population	Current** Review's # of Sample	Current** Review's \$ of Sample	Current** Review's \$ of Population
Payroll	71	\$2,118,714	\$29,839,345	25	\$19,144	\$44,586,669
Materials and Supplies	32	\$162,069	\$2,258,180	19	\$718,712	\$5,590,430
Maintenance Contract	0	\$0	\$191,586	0	\$0	\$310,472
Contracted Services	17	\$342,805	\$1,016,263	6	\$256,885	\$1,430,778
<b>Total</b>	<b>120</b>	<b>\$2,623,588</b>	<b>\$33,305,374</b>	<b>50</b>	<b>\$994,741</b>	<b>\$51,918,348</b>

\* Prior reviews consist of FY22 and FY23 (i.e. First CM and Second CM) ESSER III reviews' results.

\*\* Current review consists of this FY23 Continuous Monitoring (i.e. Third CM).

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 III funds were pre-approved and spent in accordance with the approved spending plans.



- (3) OAG reviewed the appropriateness of pay bands and pay rates for employees from June 1, 2022 through January 31, 2023, totaling 9,052 employees reviewed.

### **Observation – Process Improvements to Validate Pay Bands and Pay Rates**

While the associated pay bands and pay rates appear to be reasonable, OAG encountered the following challenges when we reviewed 251 out of 9,052 employees:

- a) The process to determine the allocation of the hourly position and verify the employee's position description is manual. This would require searching through the hourly verification of Lawson performed by Human Resources and cross referencing to the ESSER III reconciliation performed by the ESSER Grant Team to determine the commitment item (hourly teacher, hourly instructional assistant, etc.) and FOCUS cost center of the employee's position.
- b) The ESSER III Spending Guidance and School Innovation & Improvement Plan only referenced academic and wellness allocations for schools. For expenditures outside of academic and wellness allocations, OAG had to go through many manual checks to determine the appropriateness.
- c) For some hourly positions, such as hourly teachers, the ESSER III Spending Guidance indicates that "most" teachers are paid at pay band 15 and references to the FCPS Pay Band schedule. Therefore, we were unable to determine the appropriateness for those positions whether the employees work aligned with the pay bands or not. Furthermore, in order to verify the purpose and type of work to be performed by the hourly employee would require reviewing the manual HR-11<sup>2</sup> forms that are uploaded by the schools in the ESSER III central location.

OAG also noted that during the reconciliation process, the ESSER Grant Team reviews the HR-11 forms on a sampling basis, to see if pay bands agree with the ESSER III Spending Guidance; however, they do not review employee's pay rate.

As FCPS management is looking into a new human capital system, OAG recommends FCPS management consider the above challenges.

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<sup>2</sup> HR-11 is a paper-form that is manually completed by program manager/principal. This form is required for temporary assignments for hourly positions including teachers and non-contracted staff working outside contracted hours. This form indicates the position, position description, and time code the employee will use for time and attendance records and is approved by the program manager/principal.



## Appendix I – FCPS 2023 Hourly Pay Bands Schedule

Effective 1/1/23

### FY 2023 HOURLY PAY BANDS FOR AT-WILL EMPLOYEES

HOURLY BAND	RATE	POSITION KEY	DESCRIPTION
<b>FLSA-Nonexempt Level</b>			
Hourly Band 1	\$12.00	8000099901Z0	Unskilled: seasonal/summer work, student technicians
Hourly Band 2	\$12.91	8000099902Z0	Routine work: student and hourly attendant
Hourly Band 3	\$14.53	8000099903Z0	Schedule A, Grades 01 through 03 Entry-level, apprentice work: trades trainee
Hourly Band 4	\$16.36	8000099904Z0	Schedule A, Grades 04 through 06 Entry-level administrative/semi-skilled work: office and entry-level technical assistant/mid-level trade trainee, hourly instructional assistant
Hourly Band 5	\$18.42	8000099905Z0	Schedule A, Grades 07 and 08 Technical administrative/semi-skilled work: program assistant/advanced trade trainee
Hourly Band 6	\$21.56	8000099906Z0	Schedule A, Grades 09 through 11 Fully proficient administrative/skilled work: administrative assistant/business technician/trade worker
Hourly Band 7	\$23.33	8000099907Z0	Schedule A, Grades 12 through 14 Lead/supervisory/paraprofessional work: trade/business supervisor
Hourly Band 8	\$26.72	8000099908Z0	Schedule A, Grades 15 through 16 Executive office administrative/trade supervisor work: executive administrative asst/senior trade supervisor
Hourly Band 9	\$30.54	8000099909Z0	Schedule B, Grades 01 through 05 Inspectors/entry-level specialist
Hourly Band 10	\$37.25	8000099910Z0	Schedule B, Grade 06 Advanced/expert professional work: specialist
Hourly Band 11	\$40.30	8000099911Z0	Schedule B, Grades 07 through 08 Lead/supervisory/professional work: senior specialist/manager, retired teachers
Hourly Band 12	\$43.60	8000099912Z0	Schedule C, Grades 03 through 05 SBA, 01 through 04 Program management work: assistant principal/coordinator/assistant director
Hourly Band 13	\$47.17	8000099913Z0	Schedule C, Grades 06 through 08 Administrator: director
<b>FLSA-Exempt Level</b>			
Hourly Band 14	\$15.00	8000099914Z0	Miscellaneous/Teacher SOL Training
Hourly Band 15	\$36.45	8000099915Z0	Teacher/Curriculum Development





## Appendix II – ESSER III Academic and Wellness Spending Guidelines

### PERSONNEL

#### FY23 Hourly Pay Rates for Staff Tutoring/Intervention

For staff who are providing tutoring/intervention to students outside of contract hours, the hourly pay rates will increase to the following:

- Anyone working in an hourly capacity must be issued an HR-11. Some Employees may need multiple HR-11s based on work being performed
- Administrators are not eligible for the hourly pay.
- Pay rates also apply to hourly employees working during the school day to provide tutoring/intervention to students.

Examples	Non Examples
<ul style="list-style-type: none"> <li>• Direct instruction to students in small groups or 1:1 settings happening outside employee's contract hours</li> <li>• Direct work with students who are using computer-guided interventions/programs happening outside employee's contract hours</li> </ul>	<ul style="list-style-type: none"> <li>• 3 hrs planning time for academic/wellness leads (ES)*</li> <li>• Planning for interventions*</li> <li>• Additional collaboration time*</li> <li>• Monitor students*</li> <li>• Attend/lead professional development*</li> <li>• Student Assessment Monitoring*</li> <li>• Tutoring services from external providers not approved by the RFP*</li> <li>• Happening during employee's contract hours</li> </ul> <p><i>*use previously communicated pay bands/rates</i></p>

	Licensed	Non-licensed, teacher in residence, IAs	Retired Teacher
Direct instruction/ intervention/ tutoring	\$47.17 (pay band 13)	\$30.54 (pay band 9)	\$47.17 (pay band 13)
Planning/ creating materials/ paused student support	\$36.45 (pay band 15)	\$16.36 (pay band 4)	\$40.30 (pay band 11)
Attending PD	\$15.00 (pay band 14)	\$11.44 (pay band 1)	

ESSER III grant funds may only be used for activities approved by the Virginia Department of Education and the School Board approved FCPS ESSER III spending plan. As a fiscal agent of this federal award responsibility is assumed to apply all applicable FCPS policies and procedures to ensure expenditures are reasonable, necessary, allocable, and allowable for achieving the grant's purpose. Retain supporting documentation to meet federal audit requirements.

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## **Appendix III – ESSER III Background Information**

### **Expenditures**

According to the most recent spending update<sup>3</sup> presented by the FCPS at the School Board Meeting on May 11, 2023, the ESSER III expenditures totaled \$53,684,561 in actual expenditures for FY22 and \$77,588,901 in expenditures and obligations for FY23.

Initiative	Program Description	FY22 Sum of Expenditures	FY23 Projected Total Spending	FY24 Budget	New Total FY24	Total Award
1	Intervention Special Education Teacher Contracts	20,011,005	19,243,483	-	22,000,000	61,254,488
2	Wellness Intervention	4,326,252	5,193,028	-	2,000,000	11,519,280
3	Family Liaison	3,198,579	-	-	-	3,198,579
4	Grow Your Own Pathway Professional Development	156,572	643,016	621,247	754,128	1,553,716
5	Equity PD for School Teams	-	1,589	762,338	202,338	203,927
6	Graduation Requirements Summary Analysis and Reporting Tool	-	210,000	210,000	210,000	420,000
7	Family and School Partnerships Specialist	113,082	161,008	139,744	187,014	461,104
8	Equity PD for Equity Leads	-	-	46,705	-	-
9	Academic Intervention	13,036,127	20,045,356	-	12,500,000	45,581,483
10	Summer Learning Program	32,105	18,057,199	-	6,777,271	24,866,575
11	Afterschool Programming and Transportation HS	2,447,146	2,584,884	4,665,741	3,000,000	8,032,030
12	Compensatory Services	43,060	5,288	92,777	199,013	247,361
13	Mitigation Measures Team	858,690	-	-	-	858,690
14	IT Cybersecurity	278,678	3,245,281	2,000,000	5,476,042	9,000,000
15	Bandwidth & Zoom Licenses Fees	382,420	1,617,580	-	-	2,000,000
16	Indirect Rates	93,872	1,151,206	622,539	622,539	1,867,616
17	Translators	73,919	479,677	470,857	603,206	1,156,803
18	Intercultural Engagement Communications	42,808	285,067	281,407	364,632	692,507
19	Grants Administration	-	51,734	402,545	311,243	362,978
20	Budget Analyst	-	-	138,371	-	-
21	Multilingual Texting Service	-	300,000	-	-	300,000
22	Multilingual Interpretation Services	43,749	128,148	-	-	171,897
23	Hourly multilingual interpreter compensation	123,843	777	-	-	124,620
24	Online Translation Service for Written Communication	-	-	-	-	-
25	ESSER III Project Management Team	153,346	725,546	686,699	616,500	1,495,393
26	Bus Drivers Compensation and Stipends	2,119,465	3,221	-	-	2,122,686
27	Classroom, Outdoor & Dining Monitors	5,969,622	3,290,385	-	-	9,260,007
28	ESOL Staffing	131,423	-	-	-	131,423
29	School Health	48,798	165,426	-	190,037	404,261
30	Web Infrastructure Upgrade	-	-	-	1,225,704	1,225,704
31	Chronic Absenteeism Provider	-	-	-	250,000	250,000
<b>Total</b>		<b>53,684,561</b>	<b>77,588,901</b>	<b>11,140,969</b>	<b>57,489,666</b>	<b>188,763,128</b>

This data represents unaudited financial data reported as spent or obligated as of May 11, 2023 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

<sup>3</sup> [Elementary and Secondary School Emergency Relief \(ESSER\) III - Plan for Safe Return](#)

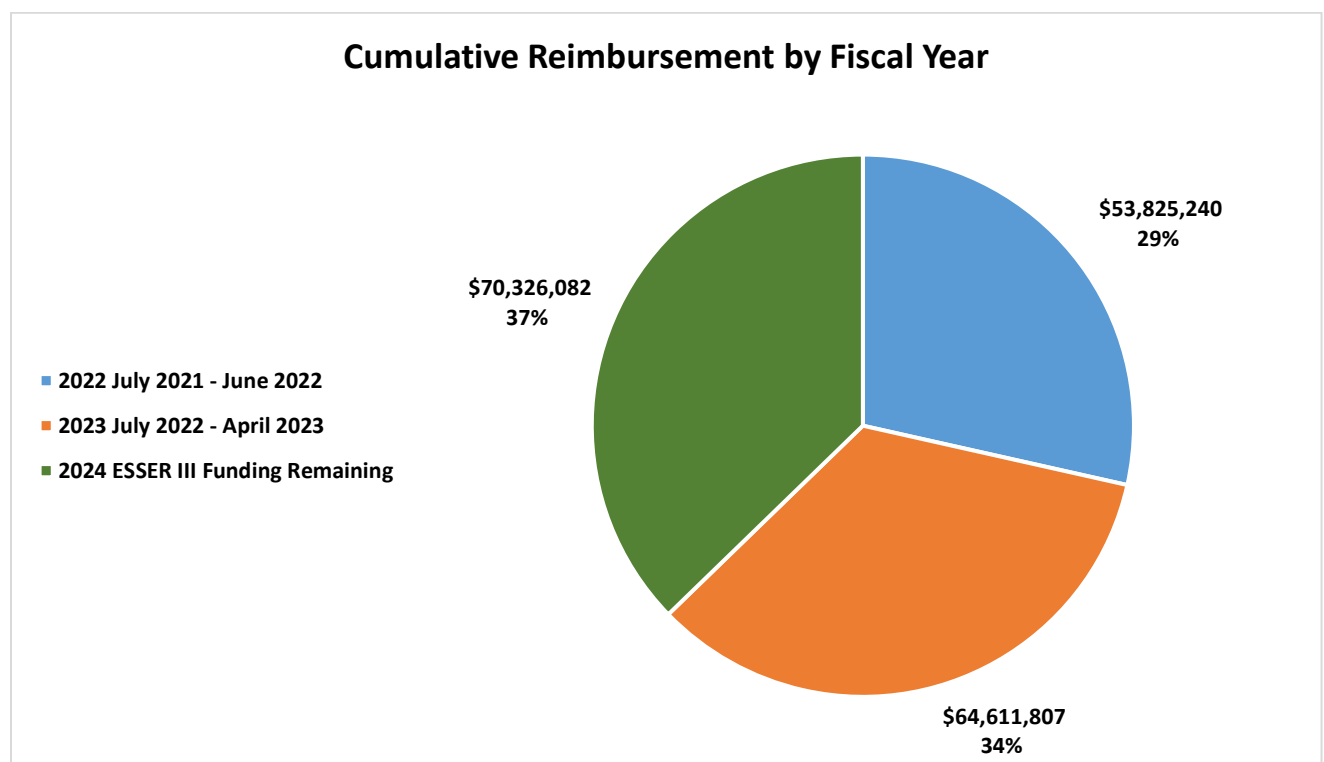


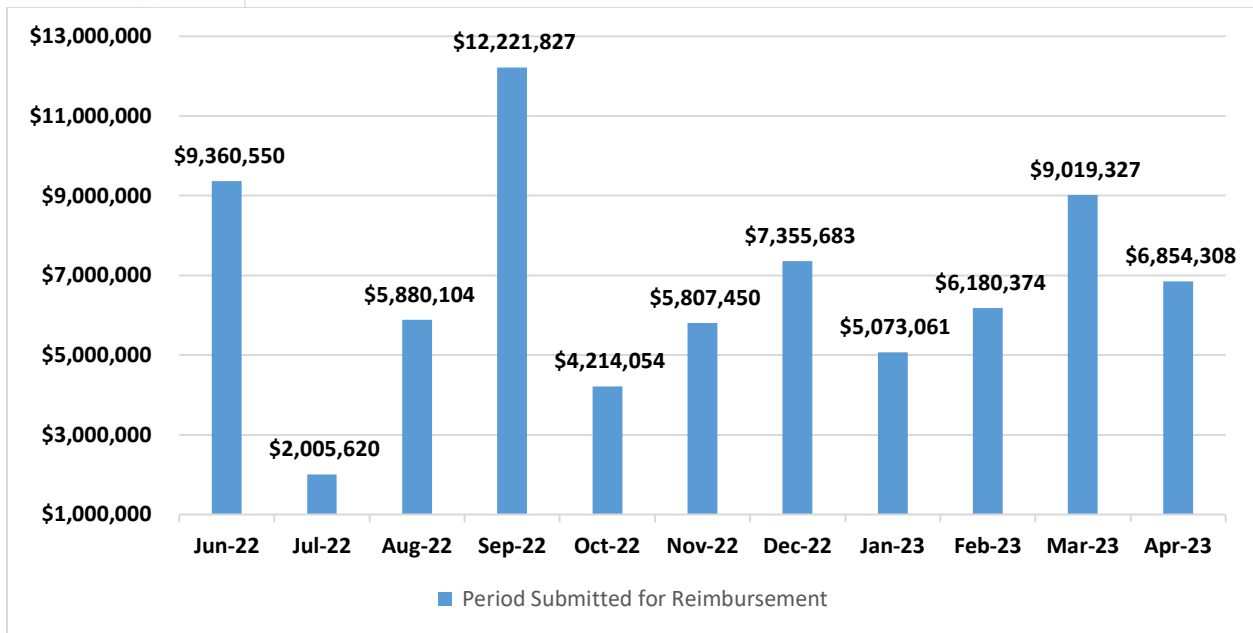


appropriateness of the supporting documentation. An expenditure will be held as a reconciling item and will not be submitted for reimbursement until compliance is verified by the team.

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 April 30, 2023, FCPS has submitted \$118,437,047 for reimbursement. The below charts represent the cumulative reimbursements submitted by FY and cumulative reimbursements submitted for OAG's current scope for this FY 2023 ESSER III review:





Reimbursements have not been completed for all FY 2023. As of April 30, 2023, the expenditures reported in FOCUS was \$116,935,909 versus the cumulative total of \$118,437,047 per reimbursements submitted. This variance of approximately \$1.5M is due to the timing of reconciliations completed by the ESSER Grant team. As the overall percentage difference is immaterial (less than 0.1%), OAG passes further review.