**FY20-21 Audit & Compliance Fiscal Monitoring Plan  
ESSA, Adult Education, Perkins, IDEA, and COVIS 19 Special Funding (GEERS and ESSERS)**

**Introduction:** The DESE Audit & Compliance Unit (ACU) amongst other duties, is responsible for the fiscal monitoring of subrecipients of DESE Federal and State Grants. The reviews focus on the subrecipients general financial management requirements of DESE grant funds and to ensure that they are in fiscal compliance with the grant award agreements, DESE Grants procedure Manual, the Uniform Grant Guidance (UGG) 2 CFR Part 200, EDGAR CFR 34, and Massachusetts Laws and Regulations. Along with reviewing the subrecipients fiscal management systems we also follow up to single audit findings identified by our unit and if necessary, provide technical assistance to the subrecipient were needed to ensure the corrective measures submitted to DESE are fully implemented. Included in the reviews we also review federal statute specific fiscal requirements required by each federal grant awarded by DESE since they may differ from the UGG requirements.

Our universe includes DESE state and federal grants awarded to over 650 subrecipients whom are receiving a combination of grants that may include but not limited to, ESSA (Titles IA & D, IIA, and III), IDEA Special Education, Adult Education, Perkins, and COVID 19 Special Funding GEERS and ESSERS. All LEA’s (including Charter School) are included in this universe and make up over 75% of the 650 subrecipients of DESE grants of which over 390 will be receiving ESSER Funds in FY20 and/or FY21. To fulfill our obligations effectively and efficiently, ACU has a developed a risk -based methodology to determine which subrecipients annually will receive an onsite visit. The methodology is a holistic methodology that is designed to identify high risk subrecipients that may require assistance from DESE. The purpose of the risk assessment is to identify subrecipients that have may have financial management concerns areas that may be detrimental to their organization and provide technical assistance in correcting these areas for better financial management and programmatic performance. The risk methodology is necessary due to the limited resources and large universe. Because of the complexity of grant financial and programmatic requirements it is necessary and more advantageous to DESE to separate the monitoring to various units in DESE. Coordination of reviews as best possible limits the intrusion to subrecipients and to customize our levels of support to districts based on our expertise to provide the best guidance possible. The purpose of the fiscal monitoring is not designed to be an I “gotcha” visit but to ensure that the subrecipient is managing DESE grant funds to obtain the maximum performance of the grants objectives and assist the subrecipient as needed . Our goal is to form a collaborative working relationship with the subrecipient.

**Purpose**: The purpose of the monitoring plan is to document the strategy for desk and on-site reviews to be performed by the Audit & Compliance Unit for the period July 1, 2020 to June 30, 2021. The plan is a living document that may be amended as needed.

**Scope:** The Audit & Compliance Unit (ACU) will monitor Local Education Agencies (LEA) compliance to the Uniform Grant Guidance (2CFR Part 200) and EDGAR CFR 34.76 for general fiscal compliance and specific fiscal compliance for ESSA, IDEA, Perkins, Adult Education and the Elementary and Secondary School Emergency Relief Fund (ESSER) for specific fiscal compliance requirements utilizing the current ACU fiscal monitoring processes in conjunction with enhanced protocols designed to address the ESSERS Funding guidance. In particular, the monitoring plan include but is not limited to;

* Utilizing the DESE Grant Information System (EDGrants) and Massachusetts Management Accounting Reporting System (MMARS) expenditure reporting process to obtain confirmation that ESSER Funds were expended and requiring subrecipients of the funds to detail expenditures on a line item basis.
* Conducting both on-site and desk reviews of selected subrecipients (LEA’s) based on a risk assessment approach. These reviews will be directed at ensuring the subrecipients were in compliance with the grant agreements, Uniform Grant Guidance 2 CFR Part 200, and EDGAR including significant accountability and reporting requirements.
* Perform testing of expenditures, review the LEA’s recording and reporting documentation for the federal grants received including ESSER Funds and verify that expenditures were in compliance with federal grant requirements and have adequate supporting documentation to support the expenditures.

**Objective:** The objective of the reviews is to determine if the selected LEA’s are in compliance with the Uniform Grant Guidance, EDGAR, and Statutes for ESSA , ESSER, IDEA, Perkins, and Adult Education Statutes and Grant Award requirements**.** In addition**,** our objective is to stress the importance of maintaining a working relationship of mutual respect and integrity with the LEA’s and DESE and assist LEA’s in maintaining accountability and transparency with ESSER Funds. These visits will accomplish our goals to reduce improper payments and provide technical assistance to LEA’s.

**Criteria**: The Uniform Grant Guidance requires DESE to perform risk assessments and identify high risk subrecipients to perform monitoring and provide technical assistance. DESE is also required to follow up on single audit findings within six months, and monitoring to ensure the subrecipient has taken the appropriate corrective actions to mitigate the findings and areas needing improvement. In mitigating these findings and areas needing improvement ACU will assist the subrecipient through technical assistance, providing templates, explanations and guidance documents as needed.

**Sampling Rationale:** DESE ACU has adopted a basic risk- based approach to monitor and assist in identifying where it should deploy monitoring resources for the US Education Grants including ESSERS awarded to LEA’s. The approach utilizes several indicators, or risk factors, to guide the selection of the LEA’s will receive reviews. The approach enables DESE to focus its limited resources to more efficiently foster fiscal compliance. The risk factors identified are not, by themselves, evidence of non-compliance. The risk analysis – based approach uses the following methodology criteria for the FY20&21 subrecipient monitoring selections are as follows:

1. Total Funding
2. Multiple Funding
3. Complexity of Grants
4. Type of Subrecipient
5. Accountability level of the district (Determined by DESE Program Offices)
6. Audit and Compliance not reviewed in last 3 years
7. Single Audit findings
8. Repeat Single Audit findings
9. Whether a district had unclaimed and soon-to-expire Year 3 funds for ESSA funding
10. Whether a district had significant unclaimed Year 2 funds for ESSA Funding
11. DESE Programmatic Unit Concerns
12. ESSER Funding Allocated/ Received in FY20/21

For each of the criteria above points were assigned based on the result of that specific criteria (yes/no,). All subrecipients that will be selected for FY21 will be selected based on a cumulative total of points and for FY20 /21.

While ACU uses this methodology to identify subrecipients, DESE maintains its discretion to increase the scope of an onsite visit. All onsite visits for FY21 will focus on uniform grant requirements, financial management, and specific fiscal components of each grant awarded by DESE to the subrecipient.

In addition, the ACU plans on performing statewide reviews and or trainings which will focus on specific areas identified during our onsite reviews that are found to be constant in all subrecipients.

The ACU UGG fiscal review is organized by sections that reflect the fiscal (and some programmatic requirements and priorities) requirements of DESE grants (Title I, Part A, D; Title II, Part A; Title III, Part A; , School Improvement, IDEA 2004, Perkins , Adult Education Grants and ESSER Grants). The fiscal review will cover the administration of fiscal components of all grants, covering two areas: (1) Financial Management and Cross-cutting Requirements, and (2) Grant-specific Fiscal Requirements, and DATA (Student). Under each area, there are a number of sections, which are outlined below (A-W).

1. Financial Management and Cross-Cutting Requirements
   1. Accounting Systems and Fiscal Controls
   2. Period of Availability and Carryover
   3. Audit Requirements
   4. Internal Controls
   5. Records and Information Management
   6. Equipment Management
   7. Personnel
   8. Procurement
   9. Indirect Costs
   10. Matching
2. Program Fiscal Requirements
   1. Budget Formation and Activities
   2. Financial Reporting
   3. Record Keeping
   4. Allowability of Costs
   5. Time and Effort Reporting
   6. Maintenance of Effort (MOE for IDEA 2004)
   7. IDEA Proportionate Share (Fiscal)
   8. Subrecipient Monitoring
   9. Supplement, Not Supplant
   10. LEA Support and Guidance
3. Program Non-fiscal Requirements
   1. Transparency and Data Reporting Data Quality (SIMS/LACES Reporting)

**Monitoring Protocol**: DESE ACU Auditors will conduct desk reviews and/ or on-site reviews. For FY21 ESSER Funds, along with ESSA grants will be the focus of reviews for fiscal compliance. DESE Auditors will be responsible for ensuring that the monitoring is conducted according to established monitoring procedures and that compliance issues are addressed in a manner consistent with DESE ACU Policies and Procedures. A Monitoring tool will be used for the fiscal reviews. Prior to the visit, a survey will be sent to the LEA’s selected based on the risk assessment prepared. The survey will be used to obtain information regarding the LEA’ s internal controls and financial management processes and supporting documentation along with financial records needed for the review. The auditors will analyze the survey answers and documentation and schedule an on-site visit for testing internal controls and compliance to grant agreements and regulations and for allowability of expenditures. During the on-site reviews technical assistance will be provided as need. Upon completion of the review, a monitoring report will be issued, and if required, a corrective action plan. The LEA’ will have an opportunity to respond and request additional training or guidance as needed.

The primary goal of this fiscal review is to ensure that implementation of the programs listed above is consistent with the fiscal and administrative requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements (Uniform Guidance) and the Education Department General Administrative Requirements (EDGAR).  In addition, the reviews will encompass those fiscal requirements applicable to the covered programs under ESSA and for the ESSER Funds awarded in FY20 and 21.