**Virginia Department of Education**

**CARES ESSER Fund 60 Day Report**

**Internal Control and Subrecipient Monitoring Plan**

**Internal Control Plan**

The Virginia Department of Education (VDOE) has a well-established and effective internal control plan in place for implementing ESEA grants, and this structure will be used to implement the ESSER Fund grant. A high-level summary of the VDOE’s internal control plan is below.

* The **control environment** includes the agency’s system of oversight, organizational structure, and performance evaluation. Documentation of the control environment is evidenced by the agency’s Administrative Manual, Human Resources Policy Manual, and Agency Risk Management Internal Controls Standards (ARMICS) program plan.
* The ARMICS program plan includes the implementation of an annual agency-wide **risk assessment**. The risk assessment process is managed by the VDOE’s Director of Risk Management. The process includes identification, analysis, and response to risks, identification of change, and response to change.
* The VDOE’s **control activities** for managing federal grants include implementation of the performance review system, segregation of duties, and accurate and timely recording of and documentation of transactions. The agency’s Online Management of Education Grant Awards (OMEGA) grants management system provides built-in controls for the subgrantee application approval and reimbursement processes. The system is designed to control user rights and access by assigned duty/permissions. Details about the CARES grant management structure and process are below.
  + Upon receipt of the award from the U.S. Department of Education, Office of ESEA Programs (OEP) staff applied allowable set-asides and calculate LEA allocations. Calculations are reviewed and approved by the Office of Budget prior to making awards to LEAs.
  + For the CARES Act ESSER Fund state set-aside budget, proposed activities to be funded were approved by staff at both the VDOE and at the Governor’s Office. This process was implemented to maximize the impact of the programs and activities funded with the CARES ESSER state set-aside budget.
  + To receive formula funds, each LEA must submit an application for CARES Act ESSER funds through OMEGA. The application includes a detailed budget breakdown identifying each expense by allowable category aligned with the CARES Act uses of ESSER funds. Applications are reviewed in the OMEGA system by two OEP program staff prior to approval. Following initial approval of an application, all budget changes must be justified in an application amendment.
  + Following application approval, each LEA must submit a budget transfer request aligned with the approved application. The budget transfer request places funds in the correct object codes for reimbursement, and is reviewed by two OEP program staff prior to approval. The OMEGA system will not allow an LEA to transfer more funds than have been allocated.
  + Following budget transfer approval, each LEA must submit reimbursement requests to receive federal CARES Act funds. Reimbursement requests include a description of each program and activity by object code. They are reviewed by program staff to ensure alignment with the application. They are then reviewed by fiscal staff to ensure that they comply with laws, guidelines, and cash management principles regarding allowable expenses. The OMEGA system will not allow the LEA to request reimbursement for more funds than have been transferred into each object code.
  + Documentation for LEA grants (applications, budget transfers, and reimbursements) is maintained in the OMEGA system. For state set-aside activities, primary documentation to support fiscal reviews and audits for grants and contracts that are not awarded to LEAs is maintained in the Office of Finance.
* The VDOE maintains a consistent focus on **information and communication** with internal and external stakeholders. OEP and other agency staff attend meetings with the U.S. Department of Education (USED) and other national educational organizations that feature USED presentations. The VDOE Office of Finance conducts periodic training for agency staff, and OEP staff attends these trainings. The VDOE Leadership Team meets bimonthly and receives updates on agency policy changes and ARMICs. The OEP program staff provides annual grants management training for all federal programs, as well as targeted training on areas of need throughout the year.
* The VDOE’s system for internal and external **monitoring** includes an annual focus on agency-wide ARMICS testing and evaluation facilitated by the Director of Risk Management as well as federal program monitoring of subgrantees (described below).

**Subrecipient Monitoring Plan**

The VDOE has a well-established and effective subrecipient monitoring plan in place for implementing ESEA grants, and this structure will be modified to implement the ESSER Fund grant. The monitoring process is summarized below.

* Develop monitoring protocol
  + Programmatic and fiscal Indicators will be identified to determine the degree of implementation of CARES Act ESSER fund programs and activities administered by subrecipients. ESEA program subrecipient protocols will serve as a model for the CARES Act ESSER Fund protocol. Indicators will be modified as needed to include key programmatic components of the CARES Act.
  + Guiding questions and interview questions will be developed to assist subrecipients in self-assessing their compliance with each indicator and in preparing for the monitoring visit.
* Identify subrecipients to receive monitoring
  + The use of CARES Act ESSER fund will be continuously monitored for all subrecipients using the OMEGA application, budget transfer, and reimbursement approval process outlined above; certain subrecipients will be identified to receive formal monitoring using the monitoring protocol based on a risk assessment.
  + Factors including funding amount, uses of funds as outlined in the program application, timeliness in submitting the program application and reimbursement requests, and program coordinator experience will be considered in identifying subrecipients for monitoring.
* Schedule monitoring
  + Subrecipient monitoring will be scheduled in 2021 and in 2022.
  + Subrecipients identified as having higher risk will be monitored first.
* Provide technical assistance
  + Prior to the subrecipient monitoring visit, an audio conference call or webinar will be conducted to assist subrecipients as they prepare for monitoring. The monitoring protocol will be reviewed. An overview of the fiscal and programmatic documentation to be reviewed during the monitoring process will be provided.
* Conduct monitoring
  + Monitoring will take place through an on-site or virtual review.
  + During the on-site or virtual monitoring visit, VDOE staff will review documentation and subrecipients will be interviewed.
* Notification of findings
  + After the monitoring visit, a letter regarding the results of the visit will be prepared. The letter will indicate whether the subrecipient was fully in compliance or whether there are areas of noncompliance.
  + If a subrecipient receives a letter of noncompliance, action steps and a timeline for completion will be indicated.
  + VDOE staff will monitor the completion of action steps.