

**South Carolina Department of Education  
Elementary and Secondary School Emergency Relief Fund  
Internal Control Plan**

**MANAGEMENT STRUCTURE**

The South Carolina Department of Education (SCDE) developed a cross-divisional approach for the implementation, management, and monitoring of the ESSER Fund grant and its subrecipients. Three teams have been developed to implement, manage, and monitor the funds passed through to subrecipients under the act. Those three teams are:

- 1) The ESSER CORE Team;
- 2) The ESSER Application Approval Team; and
- 3) The ESSER Monitoring Team.

The ESSER Core team is responsible for the overall management decisions related to the CARES Act/ESSER funds. The CORE Team consists of the Deputy Superintendent of the Division of Federal Programs, Accountability, and School Improvement, Deputy Superintendent of Legal Affairs, Chief Finance Officer, the SCDE's Grants Manager, and the Director of the Office of Auditing Services.

The ESSER Application Approval team is responsible for approving district's CARES Act/ESSER applications. This team consists of the Deputy Superintendent of the Division of Federal Programs, Accountability, and School Improvement, the Director of the Office of Special Education, the Director of the Office of Federal and State Accountability, and selected Education Associates from the Offices of Special Education and Federal and State Accountability.

The Monitoring Team is responsible for monitoring the district's use of CARES Act/ESSER funds. This team is comprised of the Directors of the Offices of Auditing Services, Special Education, and Federal and State Accountability and Education Associates/monitors from the Offices of Special Education Services, Federal and State Accountability, Adult Education, Career and Technical Education, and Student Intervention Services.

**RISKS**

**Internal Risks**

The SCDE utilizes an Enterprise Risk Management approach to identify, assess, and mitigate risks related to agency operations that include the grants management function. Each deputy and director within the agency is responsible for designing and implementing adequate internal controls to reduce risks to an acceptable level within the agency's risk appetite. In addition to this periodic assessment, beginning in the summer of 2019, each federal program area was requested to complete an Internal Control Workbook. The Internal Control Workbook requested

a description of the policies and procedures in place to ensure federal award compliance aligned to the OMB compliance requirement for each of the five components of the COSO internal control framework (control activities, control environment, risk assessment, information and communication, and monitoring). Experienced federal program staff knowledgeable of ESEA regulations and Uniform Grant Guidance requirements are represented on each ESSER team.

## External Risks

The SCDE conducts an annual LEA subrecipient risk assessment that factors in 10 criteria: Key Personnel Turnover, Required Reporting, Programmatic Compliance, Fiscal Compliance, Performance, Frequency and Need for Technical Assistance, Financial Ability, Quality of Management Systems, Timely Audit Report, and Other Material Factors. These 10 criteria are rated by each federal program area within the agency. The ESSER funds expended by June 30, 2020 will be included in the next LEA subrecipient risk assessment. Based on the district's composite risk score, LEAs are ranked into one of three categories: high risk, medium risk, or low risk. High-risk entities may have special considerations placed on discretionary grant awards. The SCDE will monitor all high risk and medium risk subrecipients. We will use new ESSER risk based criteria to select districts for monitoring that have been previously classified as low risk.

## **EXISTENCE OF PRIMARY DOCUMENTATION TO SUPPORT REVIEWS**

LEAs are required to sign "Assurances and Terms and Conditions for Federal Subawards" upon issuance of a subgrant award from the SCDE. By signing this document, the district agrees to give the SCDE access to and the right to examine all records, books, papers, or documents related to the subaward. All South Carolina school districts are required by state law to submit their financial audit report to the SCDE by December 1 of each year after the close of the fiscal year. All LEAs meet the single audit threshold; therefore, these audits will be single audits.

## **SUBRECIPIENT MONITORING PLAN**

### Risk Assessment

As stated above, the SCDE will perform monitoring of ESSER expenditures for all high risk and medium risk LEAs. We will randomly select low risk LEAs to monitor. Risk factors used to determine which low-risk LEAs will be monitored will include the amount of expenditures drawn down by quarter and the highest level of funding allocated.

## Monitoring Protocols

The monitoring team developed a monitoring tool to facilitate ESSER monitoring. Monitoring will be focused on allowability, necessary and reasonableness of expenditures, adequate supporting documentation, and period of performance.

## Monitoring Schedule

The SCDE will begin monitoring entities during the 2<sup>nd</sup> quarter of state fiscal year 2020-21. Approximately three districts will be monitored each quarter. Priority will be given to high-risk districts and districts who have drawn down at least 75% of their allocation.