


ESSER Audit Preparation

May 5, 2022

Presented By:
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Presentation Topics

- Draft OMB Compliance Supplement
- Testing Procedures
- Expenditure Testing
- Updates & Reminders




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Commonly Used Acronyms

Acronym	Description
ALN	Assistance Listing Number
ARPA	American Rescue Plan Act
CARES	Coronavirus Aid, Relief, and Economic Security
CFDA	Catalog of Federal Domestic Assistance
ConApp	Consolidated Application
DOAA	Department of Audits & Accounts
CRRSAA	Coronavirus Response and Relief Supplemental Appropriations Act
ED	United States Department of Education
ESF	Education Stabilization Fund
ESEA	Elementary and Secondary Education Act



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Commonly Used Acronyms (continued)

Acronym	Description
ESSER	Elementary and Secondary School Emergency Relief Fund
GaDOE	Georgia Department of Education
IDEA	Individual with Disabilities Education Act
LEA	Local Educational Agency
MOE	Maintenance of Effort
MOEquity	Maintenance of Equity
OMB	Office of Management and Budget
SEFA	Schedule of Expenditures of Federal Awards
STP	Special Tests and Provisions
UG	Uniform Guidance

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Draft Compliance Supplement

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Compliance Supplement

The 2022 OMB Compliance Supplement is scheduled to be issued any day now.

The "Pick-Six" Initiative is still being used:

Each grantor organization selected six compliance requirements for testing.

- *This may actually be seven because Activities Allowed or Unallowed and Allowable Costs/Cost Principles are counted as one compliance requirement.*

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Activities Allowed or Unallowed & Allowable Costs/Cost Principles

Requirements

Expend funds only for allowable activities.

Classify expenditures consistently between direct and indirect cost activities.

Charge indirect costs that are in line with the approved indirect cost rate/agreement.



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Activities Allowed or Unallowed & Allowable Costs/Cost Principles (continued)

Audit Procedures

Review of expenditures, including employee compensation and journal entry activity.

Review of transfer journal entries.

Review of indirect cost charges.



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Activities Allowed or Unallowed & Allowable Costs/Cost Principles (continued)

Ways to Prepare

Ensure that management is aware of allowable uses of funds when reviewing expenditure transactions, including voucher packages, journal entries, and payroll activity.

Ensure that all expenditure transactions reflect evidence of review and approval.



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Cash Management

Not expected to be subject to audit in 2022.

Removed from the Draft Compliance Supplement but still expected to comply with requirements.



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Equipment and Real Property Management

Requirements

Maintain proper records for equipment and adequately safeguard and maintain equipment.

Dispose of any equipment or real property in accordance with federal requirements.

Prior approval by GaDOE is required for the following activity:

- Capital expenditures for general and special purpose equipment, and
- The purchase of real property and construction improvements to land, buildings, or equipment.



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Equipment and Real Property Management (continued)

Audit Procedures

Review the equipment listing and physical inventory records.

Perform a physical inspection of equipment.

Review any equipment disposals.

Review required prior approval documentation for additions to equipment and real property management listings.



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Equipment and Real Property Management (continued)

Ways to Prepare

Obtain appropriate approval from GaDOE, the BOE, management personnel, etc. for purchases of equipment and real property.

Perform a physical inventory of equipment every year or every two years and ensure that the equipment and real property listing contains all required components.

When disposals occur, ensure that any proceeds from the sale of these items are appropriately deposited in the ESSER fund and the item is reflected as a disposal on the equipment and real property listing.



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Matching, Level of Effort, Earmarking

Requirements & Audit Procedures

All procedures reflected in the Compliance Supplement apply to GaDOE, not LEAs.

However, LEAs should be aware that Maintenance of Equity and Earmarking requirements will likely be tested in future years.



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Period of Performance

Not Subject to Audit

Still expected to comply with requirements.

Period of Performance Reminders

Program	Legislation	End of Period of Performance
ESSER I	CARES Act	September 30, 2022
ESSER II	CRRSAA	September 30, 2023
ESSER III	ARPA	September 30, 2024



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Reporting

Requirements & Audit Procedures

All procedures reflected in the Compliance Supplement apply to GaDOE, not LEAs.

Accurate and timely completion reports are still required to be submitted.

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STP: Wage Rate Requirements

Requirements

Include appropriate clauses in contracts and notify contractors and subcontractors of the need to comply with the Wage Rate Requirements.

Obtain copies of certified payrolls from contractors and subcontractors.

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STP: Wage Rate Requirements (continued)

Audit Procedures

Verify that the required prevailing wage rate clauses were included in construction contracts.

Verify that the contractors and/or subcontractors submitted the required certified payrolls.

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STP: Wage Rate Requirements (continued)

Ways to Prepare

Consult GaDOE before beginning any construction projects with federal funds.

Obtain a signed contract that reflects clauses associated with Davis-Bacon Wage Rate Requirements before beginning construction projects.

Obtain certified payrolls from contractors and subcontractors and ensure that the appropriate wage rate was paid to each laborer.

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STP: Wage Rate Requirements (continued)

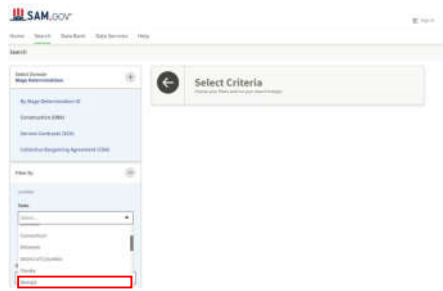
Wage Rates

The minimum wage rate that must be paid can be located at: [SAM.gov](https://sam.gov) | [Search](#).

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STP: Wage Rate Requirements (continued)

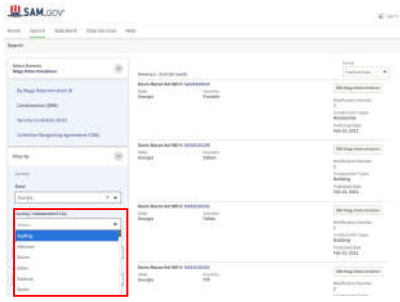
Select the State of Georgia.



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STP: Wage Rate Requirements (continued)

Then, select the appropriate county.



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STP: Wage Rate Requirements (continued)

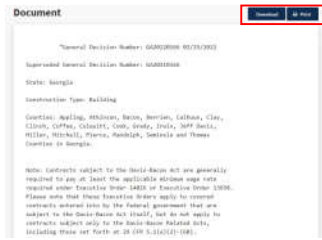
Select the appropriate type of construction (typically "building") and click on the link:



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STP: Wage Rate Requirements (continued)

You can, then download or print the wage rate for various labor types.




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STP: Wage Rate Requirements (continued)

The laborer types are listed as reflected below.

BELLINGHAM AND BELLEVILLE		Rate:	Frequency:
BELETTENBERG	.....	\$ 26.00	24.00
BELLINGHAM AND BELLEVILLE		Rate:	Frequency:
APPLING, STEERING, BENCH, CLERK, CARTER, & FEMALE COATERS	.....	
BELLINGHAM AND BELLEVILLE		Rate:	Frequency:
BELETTENBERG (Including Allowance for Vacation and Sick Leave)	.....	\$ 27.00	24.00
BELETTENBERG	.....	\$ 26.00	24.00
BELLINGHAM AND BELLEVILLE		Rate:	Frequency:
BELETTENBERG	.....	
BELLINGHAM AND BELLEVILLE		Rate:	Frequency:
BELETTENBERG (Including Allowance for Vacation and Sick Leave)	.....	\$ 27.00	24.00
BELETTENBERG	.....	\$ 26.00	24.00
BELLINGHAM, COOK, SHAW, SENECA, & THOMAS COUNTIES		Rate:	Frequency:
BELETTENBERG		

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STP: Participation of Private School Children Requirements

Conduct timely consultation with private school officials to determine the kind of educational services to provide to eligible private school children.

Provide planned services to private school children.

**These requirements only apply to ESSER I funds.*

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STP: Participation of Private School Children (continued)


Audit Procedures

Review minutes of meetings and other documentation to verify that the required consultation with private school officials was conducted.

Review calculations to ensure that the appropriate amounts were set aside for private school services.*

Review voucher packages to verify that the planned educational services were provided.*

**Will only be performed if private school expenditures are material to the program.*

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STP: Participation of Private School Children (continued)

Ways to Prepare

Maintain minutes of meetings and other documentation of the required consultation with private school officials.

Ensure that management is aware of planned services to private school children when reviewing expenditure transactions.

Ensure that private school expenditure transactions reflect evidence of review and approval.



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Expenditure Testing



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Expenditure Expectations

What will auditors be reviewing?

Every expenditure transactions, including payroll activity, will be reviewed to ensure that all of these requirements are met.

- Does the expenditure fall under one of the authorized uses of funds reflected in the various COVID-related legislation?
- Is the expenditure specifically approved by GaDOE on an ESSER Consolidated Application?
- Is the expenditure appropriately documented per the Uniform Guidance?



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Nonpersonal Services Expenditures

Expenditure Transfers

All nonpersonal services expenditures that are transferred from another fund to the ESSER fund via journal entry should be individually identifiable.

Auditors will be reviewing the original voucher packages for this type of activity.

**Please do not forget to include this type of activity on the appropriate ESSER ConApp.*



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Personal Services Expenditures

Payroll Transfers

All personal services expenditures that are transferred from another fund to the ESSER fund should be individually identifiable by employee.

Auditors will be requesting a listing by employee and amount for any payroll activity charged to the ESSER fund.

**Please do not forget to include this type of activity on the appropriate ESSER ConApp.*



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Personal Services Expenditures (continued)

Documentation Recommendations

Situation	Documentation
Employee is splitting time between activities that may be funded under ESSER and activities that are not allowable under the program	Personnel Activity Report
Employee works additional time for after school or summer school care	Timesheet or Time Logs
A month of all salaries and benefits is moved to the ESSER fund	A listing of employees and their related salaries/benefits that is signed by management
New employee is hired and paid with ESSER funds	Periodic Certification
Retention bonuses are paid to employees	Documentation of the criteria and method used to disburse the bonuses, evidence of BOE approval, and a listing of employees who received the bonus with amounts.



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Updates & Reminders

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Level of Effort Requirements

Auditor Concerns

Auditors have concerns about LEAs' ability to meet the following level of effort requirements if an excessive amount of general operating expenditures are moved from the General Fund to the ESSER Fund.

This may result in findings in future fiscal years.

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Level of Effort Requirements (continued)

Requirement	Program(s) Affected	Concerns/Comments
ESEA MOE	Title I & Supporting Effective Instruction	Preliminary calculations have determined that many LEAs will not meet this requirements for FY2023; however, auditors cannot perform the calculation for any additional future fiscal years with the data that is currently available.
MOEquity	ESSER	Auditors cannot perform the calculation related to this requirement for FY2022 and FY2023 with data currently available.
IDEA MOE	Special Education Cluster	Auditors cannot perform the calculation related to this requirement for future fiscal years with data currently available.

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Additions to Exit Conference Memo

ESSER Testing Clarification & Concerns:

- o **Expenditure Testing** – Auditors will still be testing expenditures for allowability and will specifically be reviewing the following for all expenditures selected for testing, including payroll expenditures:
 1. Does the expenditure fall under one of the authorized uses of funds reflected in the various COVID-related legislation?
 2. Is the expenditure specifically approved by GaDOE on an ESSER Consolidated Application?
 3. Is the expenditure appropriately documented per the Uniform Guidance?

NOTE: It is not recommended that expenditures related to other federal programs be moved to the ESSER Fund. One exception may be situations in which the School Nutrition Fund is reflecting a deficit and this activity is required to continue providing meals to students.
- o **Level of Effort Requirements** – Auditors have concerns about the School District’s ability to meet the following level of effort requirements if general operating expenditures in excess of documented budget shortfalls are moved from the General Fund to the ESSER Fund. This may result in findings in future fiscal years.
 1. **ESEA Maintenance of Effort (MOE)** – Preliminary calculations have determined that this requirement **will not** be met in FY2023; however, auditors cannot perform the calculation related to this requirement for any additional future fiscal years with data currently available.
 2. **ESSER Maintenance of Equity (MOEquity)** – Auditors cannot perform the calculation related to this requirement for FY2022 and FY2023 with data currently available.
 3. **ESEA MOE** – Auditors cannot perform the calculation related to this requirement for future fiscal years with data currently available.
- o **Construction & Improvement Expenditures** – Please ensure that appropriate procedures are followed before any construction projects, including painting, air purification system/HVAC installation, flooring replacement, etc., are started. This includes obtaining prior approval from GaDOE and ensuring that the Davis-Bacon Wage Rate Requirements are met.



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New Those Charged with Governance Letter Paragraph

Option #1: Will not meet ESEA MOE in FY2023

In performing our testing over the Elementary and Secondary School Emergency Relief (ESSER) Fund program, we identified several potential risks associated with the use of ESSER funds for general operating expenditures in excess of documented budget shortfalls. First, we have performed a preliminary calculation associated with the Maintenance of Effort (MOE) requirement for the Elementary and Secondary Education Act (ESEA) programs and have determined that the requirement will not be met by the School District in FY2023. Additionally, while adequate data is not available to perform the Maintenance of Equity (MOEquity) calculation related to the ESSER program, the School District may experience difficulty in meeting this requirement in FY2022 and/or FY2023. Further, the School District may not meet MOE requirements related to the Special Education programs in those respective years. Please note that failure to comply with these level of effort requirements may result in the reporting of audit findings in future fiscal years.



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New Those Charged with Governance Letter Paragraph (continued)

Option #2: Will meet ESEA MOE in FY2023

In performing our testing over the Elementary and Secondary School Emergency Relief (ESSER) Fund program, we identified several potential risks associated with the use of ESSER funds for general operating expenditures in excess of documented budget shortfalls. First, we have performed a preliminary calculation associated with the Maintenance of Effort (MOE) requirement for the Elementary and Secondary Education Act (ESEA) programs and have determined that the requirement will be met by the School District in FY2023; however, the requirement may not be met in subsequent fiscal years. Additionally, while adequate data is not available to perform the Maintenance of Equity (MOEquity) calculation related to the ESSER program, the School District may experience difficulty in meeting this requirement in FY2022 and/or FY2023. Further, the School District may not meet MOE requirements related to the Special Education programs in those respective years. Please note that failure to comply with these level of effort requirements may result in the reporting of audit findings in future fiscal years.



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Updated Findings Format

Background Information

In an effort to create consistency across DOAA, the federal findings have been updated to include a "Background Information" section.

This section will include information that is helpful in understanding the "Condition."



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SEFA Reminders

SEFA Formatting

US ED has required that alpha characters be added to all assistance listing numbers, not just ESSER programs.

There is also a requirement to designate any COVID-19 funding as such on the face of the SEFA.



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SEFA Reminders (continued)

Expenditure Balances


Any ESSER expenditures reclaimed from prior fiscal years should be reported on the SEFA in the year reclaimed.

ESSER expenditures related to ConApps that were not approved by GaDOE prior to June 30, 2022 should not be reported on the FY2022 SEFA.




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Questions?



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