



Collier County Public Schools Audit Report: Stimulus Funding

March 3, 2023

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TRANSMITTAL LETTER

March 3, 2023

The School Board of
Collier County Public Schools
5775 Osceola Trail
Naples, FL 34109

Pursuant to our executed Statement of Work agreement dated August 8, 2022, with Collier County Public Schools (“District,” “CCPS”), we hereby present our audit report of Stimulus Funding. Our report is organized in the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in our audit of the stimulus funding processes within CCPS.
Background	This provides an overview of the District’s stimulus funding process, as well as relevant background information.
Objectives and Approach	The audit objectives are expanded upon in this section as well as a review of the various phases of our approach and audit procedures.
Observations Matrix	This section includes a description of the observations noted during our audit and recommended actions.

In connection with the performance of these services, we have not performed any management functions, made management decisions, or otherwise performed in a capacity equivalent to that of an employee of the District.

We would like to thank the staff and all those involved in assisting us with this audit.

Respectfully Submitted,

RSM US LLP

RSM US LLP

EXECUTIVE SUMMARY

Background

On December 27, 2020, the \$900 billion federal stimulus bill was signed, which set aside \$81.9 billion for education, including \$2.3 billion to Local Educational Agencies (“LEAs”) in Florida. On March 11, 2021, the American Rescue Plan Act (“ARPA”) was signed and included \$6.3 billion to Florida LEAs.

The District is responsible for maintaining an efficient and effective system for monitoring the stimulus funds received and expended. General guidance is provided by the Department of Treasury outlining the permitted uses of stimulus funds, as well as documentation requirements in place for substantiating the expenditures approved using stimulus funding.

Allowable expenditures include, but are not limited to: addressing the unique needs of low-income children or students, children with disabilities, English learners, and students experiencing homelessness; the purchase of supplies to sanitize and clean facilities; activities designed to address learning loss; providing mental health services and support; inspecting, testing, maintaining, repairing, replacing, and upgrading projects to improve indoor air quality; and the repair of school facilities to reduce the risk of virus transmission.

At the time of this audit, the District has been awarded twelve (12) total projects utilizing ESSER II and III funds, which are managed by three (3) different departments. Each grant managing department must work in close collaboration with the Purchasing Department to facilitate compliance with Federal regulations, as required in Code of Federal Regulations: Title 2, Part 200 (*Uniform Administrative Requirements, Cost Principles, and Award Requirements for Federal Awards*). Per Florida Department of Education February 2022 data, Collier County Public Schools has been allocated \$36,369,117 in ESSER II funds and \$81,764,058 in ESSER III funds.

Overall Summary / Highlights

Audits provide insight into an organization’s culture, policies, and procedures, and aids Board and management oversight by verifying internal controls such as operating effectiveness, risk mitigation, and compliance with relevant laws/regulations/policies.

Fieldwork was performed September 2022 through January 2023.

We would like to thank all CCPS team members who assisted us throughout this audit.

Objectives and Scope

The primary objective of this audit was to evaluate the system of internal controls over managing the District’s stimulus finding, including key internal controls such as review / approval procedures, documentation requirements, accounting procedures, and other relevant procedures was adequate for maintaining compliance with regulatory guidelines. The first phase of our review included the following procedures:

- Interviews and walkthroughs with process owners to obtain an understanding of the key personnel, risks, processes, and controls relevant to the stimulus finding process; and
- Development of a risk-based work plan to evaluate compliance with established agreements, policies, procedures, and other regulations.

Our review included, but was not limited to the following procedures:

- Review of laws and regulations, and other information as deemed necessary in order to better understand the stimulus funding requirements as they pertain to federal, state, and local governments and the District’s current environment;
- Performance of detailed testing of a sample of ESSER expenditures to evaluate whether each expense was compliant with funding requirements, properly reported, and sufficiently supported; and
- Review of the required supporting documentation to substantiate the expenditure and record retention policy to facilitate proper retention of underlying support for representations made to the government.

Our audit scope contained ESSER II and III expenditures and budgets. As part of our procedures, we reviewed all available grant policies and procedures, ESSER II and III grant applications and relevant budget narratives. We performed detailed testing of thirty-five (35) expenditures related to goods and services, and twenty-five (25) expenditures related to employee compensation, resulting in a total of 20% of all expenditures tested. Our audit period was of all ESSER II and III expenditures from July 2021 through September 2022.

Summary of Observations

Reportable Observations

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EXECUTIVE SUMMARY (CONTINUED)

Observations Summary

Below is a listing of the observations that were identified during this audit of the District's stimulus funding processes. Detailed observations are included in the observations matrix section of the report, which include management's response.

Summary of Observations and Improvement Opportunities

Observations

1. Approval of Employee Bonuses
2. Documentation of Grant-Funded Employment Decisions
3. Procurement Compliance
4. Procurement Approvals
5. Policies and Procedures: Grants Management

BACKGROUND

Overview of Funding Sources

ESSER I funding

The Elementary and Secondary School Emergency Relief (“ESSER”) fund under the CARES Act (“CARES”) was provided to Local Educational Agencies (“LEA”) to address the impact that the Coronavirus Disease of 2019 (“COVID-19”) has had, and continues to have, on elementary and secondary schools in Florida. This includes developing and implementing plans for educational services and continued learning, whether school campuses are open or closed. Funding is intended to provide districts with emergency relief funds to address the impact COVID-19 has had on safety and barriers to providing educational services.

The Florida Department of Education conducted a desk monitoring review of the District’s CARES funds. The report was issued on December 9, 2022, through North Highland consultancy. In order to avoid duplication of efforts, ESSER I expenditures were not within our scope of procedures.

ESSER II funding

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (“CRRSA”), was signed into law on December 27, 2020, and provides an additional \$54.3 billion for the Elementary and Secondary School Emergency Relief Fund (“ESSER II”). ESSER II funding was provided to State educational agencies (“SEA”) for the purpose of providing LEAs with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools. Funds are provided to State educational agencies and school districts to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on the nation’s students. The new allowable use of funding under ESSER II includes the following:

- Addressing learning loss among students, including low-income students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and children and youth in foster care, of the local educational agency;
- Administering and using high-quality assessments that are valid and reliable to accurately assess students’ academic progress and assist educators in meeting students’ academic needs through differentiating instruction;
- Implementing evidence-based activities to meet the comprehensive needs of students;
- Providing information and assistance to parents and families on how they can effectively support students, including in a distance learning environment;
- Tracking student attendance and improving student engagement in distance education;
- School facility repairs and improvements to enable operation of schools to reduce risk of virus transmission and exposure to environmental health hazards, and to support student health needs;
- Inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and nonmechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement; and
- Other activities to ensure continuity of education and employment

ESSER III funding

On March 11, 2021, the American Rescue Plan (“ARP”) Act was signed into law. The \$1.9 trillion package of assistance includes \$122 billion for the ARP Elementary and Secondary School Emergency Relief (“ARP ESSER”) programs around the nation. Funding is intended to reopen schools, accelerate learning, and mitigate the academic impact of lost instructional time. It allows LEAs broad discretion in determining those needs and encourages building long-term systems of support to modernize and sustain improvements. Many of the activities allowable under ESSER II are also allowable under ESSER III. Please see pages 6 and 7 for additional detail.

BACKGROUND (CONTINUED)

Overview of Funding Sources (continued)

	ESSER II Funding (CRRSA)	ESSER III Funding (ARPA)
Pre-award Costs	Pre-award cost are allowed dating back to March 13, 2020.	Pre-award cost are allowed dating back to March 13, 2020.
Period of Funds Availability	Funds are available for obligation through September 30, 2023.	Funds are available for obligation through September 30, 2024.
Equitable Services	Under ESSER II, equitable services are not provided by the District. The CRRSA Act provides a separate program for Non-Public Schools.	Under ESSER III, equitable services are not provided by the District. The ARP Act provides a separate program for Non-Public Schools.
Tracking of Funds	Funds must be tracked separately from others (including ESSER I and ESSER III).	Funds must be tracked separately from others (including ESSER I and ESSER II).
Plan for safe return to in-person instruction	Under ESSER II, there are no requirements to make publicly available on its website a plan for the safe return to in-person instruction and continuity of service.	Within 30 days of receiving funds, the District must make publicly available on its website a plan for the safe return to in-person instruction and continuity of service. Before making publicly available, the District must seek public comment on the plan.
Maintenance of Equity	Under ESSER II, there are no requirements related to maintenance of equity.	In fiscal years 2022 or 2023, Districts are not allowed to: <ul style="list-style-type: none"> • Reduce per-pupil funding for any high-poverty school at a rate greater than overall cuts in per-pupil spending across all schools served by the District; and • Reduce per-pupil staffing in any high-poverty school at a rate greater than overall cuts in per-pupil staffing across all schools served by the District.
Use of Funds	ESSER II funds may be used for the same allowable purposes as ESSER I and ARP ESSER, including hiring new staff. Note that the “additional” LEA allowable uses of funds under the CRRSA Act (addressing learning loss, preparing schools for reopening, and testing, repairing, and upgrading projects to improve air quality in school buildings) already are permitted under the CARES Act. No required reservations of funds.	An LEA must reserve not less than 20 percent of its total ARP ESSER allocation to address learning loss through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs, and ensure that such interventions respond to students’ academic, social, and emotional needs and address the disproportionate impact of COVID-19 on underrepresented student subgroups. The remaining ARP ESSER funds may be used for the same allowable purposes as ESSER I and ESSER II, including hiring new staff.
Reporting Requirements	An SEA must meet the CARES Act reporting requirements that apply to ESSER funds and submit a report to the Secretary within six months of award that contains a detailed accounting of the use of ESSER II funds, that includes how the State is using funds to measure and address learning loss among students disproportionately affected by the coronavirus and school closures, including: children from low-income families, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and children and youth in foster care.	An SEA must comply with all reporting requirements at such time and in such manner and containing such information as the Secretary may reasonably require.

BACKGROUND (CONTINUED)

Federal Requirements

Purchases made by the District, ordinarily must adhere to district-level policies and state-level statutes. Purchases made with stimulus funds must also adhere to federal requirements set forth in the Code of Federal Regulations: Title 2, Part 200 (*Uniform Administrative Requirements, Cost Principles, and Award Requirements for Federal Awards*) (“2 CFR § 200”). 2 CFR § 200 provides guidance over many process areas, including the following:

- Financial management requirements, including the stipulation that *“records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.”*
- Internal control requirements, including the stipulation that a non-Federal entity, *“establish and maintain effective internal control over the Federal award he provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”*
- Requirements to *“report deviations from budget or project scope or objective, and request and request prior approvals from Federal awarding agencies for budget and program plan revisions...”*
- Stipulations regarding period of performance and cost windows.
- Requirements related to the purchasing of equipment and ownership rights.
- Procurement standards specific to Federal awards.
- Contract provisions required for contracts utilizing Federal awards.

Records Retention

The District (or the “Grantee”) is required to ensure that the existence of primary documentation necessary to support fiscal reviews, including audits (single audit and audits by the Office of the Inspector General) and Improper Payment assessments, as requested by the Department of Education or a contractor. The LEA should retain financial records, supporting documents, statistical records, and all other entity records pertinent to the award for a period of five years from the date of submission of the final expenditure report. To demonstrate compliance, the District is responsible for retaining documents such as payroll reports, general ledger reports (at the transaction-level detail), purchase requisitions, purchase orders, receipts, invoices, receipts, contracts / agreements with vendors (including any amendments), documented approval for each grant program, and competitive purchasing documentation for expenditures exceeding purchase thresholds (including ITBs, RFQs, RFPs, tabulations, etc.).

Allowable Activities

ESSER-funded activities are to be obligated within the performance period and must be allocable, meaning that funded activities or items were made necessary as a result of the COVID-19 pandemic and were necessary in order for the LEA to respond to, prepare for, or prevent the spread of COVID-19. Although there are differences in the three (3) ESSER funding requirements, the use of funds across the various programs are consistent. Procedures should exist to describe the process of determining the allowability, allocability, and reasonableness of obligations and expenditures made by the grantee. Districts can demonstrate compliance by documenting the need for the expenditure, why federal funds are needed to address that need, and how the expenditure is COVID-19 related.

BACKGROUND (CONTINUED)

Allowable Activities (continued)

The table below outlines the allowable uses of ESSER funding, by funding source, per federal guidance:

Eligible ESSER Activities		Fund Availability	
		ESSER II	ESSER III
1	Activities authorized by ESEA Act of 1956.	✓	✓
2	Coordination of preparedness and response efforts of local educational agencies.	✓	✓
3	Providing school leaders with resources to address the needs of individual schools.	✓	N/A
4	Activities to address unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of each population.	✓	✓
5	Developing and implementing procedures and systems to improve preparedness and response efforts of LEAs.	✓	✓
6	Training and professional development for staff of LEAs on sanitation and minimizing the spread of infectious diseases.	✓	✓
7	Planning for and coordinating long term closures – providing meals, technology, etc.	✓	✓
8	Purchase of supplies to sanitize and clean facilities operated by LEAs.	✓	✓
9	Purchasing educational technology, which could include hardware, software, and connectivity for students served by the LEA that aids in regular, substantive educational interaction between students and educators, including low-income students and students with disabilities. This could also include assistive technology or adaptive equipment.	✓	✓
10	Providing mental health services and support.	✓	✓
11	Activities related to summer learning and supplemental after school programs addressing needs of low-income students, children with disabilities, English learners, racial and ethnic minorities, homeless and foster care youth.	✓	✓
12	Other activities necessary to maintain operation and continuity of services and continuing to employ existing staff.	✓	✓
13	Addressing learning loss among all students by: Administering high quality, reliable assessments that can assess student academic progress and assist educators in meeting student needs, implementing evidence-based activities to meet the comprehensive needs of students, providing information and assistance to parents and families on ways to support students, and tracking student performance and engagement in distance learning environments.	✓	✓
14	School facility repairs and improvements to enable operation of schools to reduce risk of virus transmission and exposure to environmental health hazards and support student health needs.	✓	✓
15	Inspecting, testing, maintaining, repairing, replacing, and upgrading projects to improve the indoor air quality in school facilities, including HVAC systems, filtering, purification and other air cleaning fans, control systems, and window and door repair and replacement.	✓	✓
16	Development of strategies and implementation of public health protocols that align with Centers for Disease Control and Prevention guidance on reopening and operating school facilities to maintain the health and safety of students, educators, and other staff.	N/A	✓

BACKGROUND (CONTINUED)

District ESSER Overview

At the time of this audit, the District had been awarded twelve (12) total projects utilizing ESSER II and III funds, which are managed by three (3) different departments. While the Federal, State, and Competitive Grants (“FSCG”) team manages the majority of the projects (ten [10] of the twelve [12]), the Postsecondary, Adult, & Community Education team as well as the Exceptional Education and Student Support Services team each managed their own project. An overview of the various projects is detailed below.

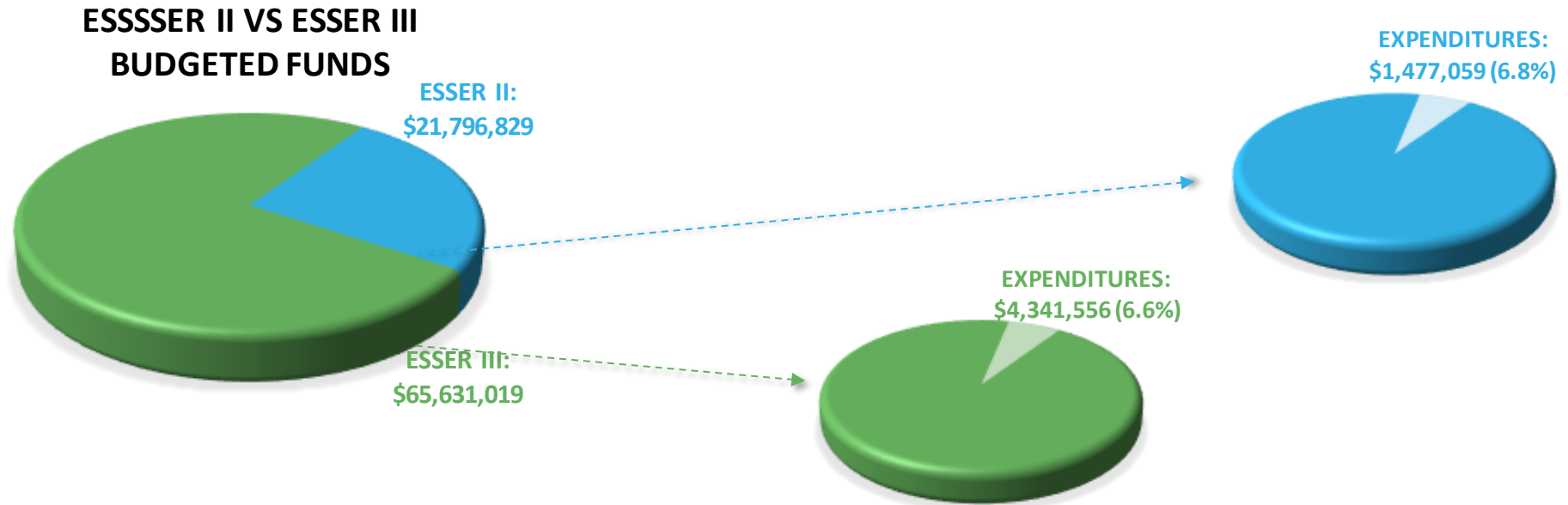
ESSER	Project Name	Project No.	Project Team	Budget	YTD Expended (as of 9/2022)	YTD Encumbered (as of 9/2022)	Percent Expended To- Date
II	Lump Sum	224248	FSCG	\$ 18,581,410	\$ 1,316,884	\$ 1,224,012	7.1%
II	Technology Assistance	224250	FSCG	\$ 1,685,211	-	-	0%
II	Non-Enrollment Assistance*	224351	FSCG	\$ 1,454,765*	-	-	0%
II	Civics Curriculum	224352	FSCG	\$ 171,182	-	-	0%
II	Reading Tutoring K-3	224354	FSCG	\$ 937,576	\$ 2,947	\$ 68,553	0%
II	Act Acad. Accel	224249	FSCG	\$ 2,944,179*	-	-	0%
II	Career Dual Enroll Path	224359	Postsecondary, Adult & Community Education	\$ 421,450	\$ 157,228	-	37.3%
III	ARP - American Recovery Plan	224553	FSCG	\$ 48,672,744	\$ 2,287,884	\$ 940,474	4.7%
III	ARP Learning Loss	224555	FSCG	\$ 13,932,651	\$ 1,688,391	\$ 9,288,188	12.1%
III	ARP-HCY - Homeless	224658	FSCG	\$ 566,722	-	\$ 16,990	0%
III	Summer Learning Camps	234552	FSCG	\$ 75,000	-	-	0%
III	ARP IDEA K-12 Par ARPSF	224656	Exceptional Education and Student Support Services	\$ 2,383,902	\$ 365,281	\$ 64,746	15.3%
Total				\$ 87,427,848	\$ 5,818,615	\$ 11,602,963	6.7%

*Project was closed by the Florida Department of Education in fiscal year 2023. Original budgeted dollars have been removed from totals.

BACKGROUND (CONTINUED)

District ESSER Overview (continued)

The large pie chart below depicts the percentage of budgeted funds between ESSER II and III for the District. The two smaller pie charts depict the percentage of those budgeted funds that have been expended to-date, as of September 2022.



Our detailed testing included thirty-five (35) expenditures related to goods and services, and twenty-five (25) expenditures related to employee compensation spread throughout all ESSER II and III projects that have expended any funds to-date (as of September 2022). In total, our sample selection represented 20% of the total expended ESSER II and III dollars.

ESSER	Project Name	Project No.	Project Team	YTD Expended	Sampled	Percent Sampled
II	Lump Sump	224248	FSCG	\$1,316,884	\$241,008.22	18.3%
II	Reading Tutoring K-3	224354	FSCG	\$2,947	\$1,913.26	64.9%
II	Career Dual Enroll Path	224359	Postsecondary, Adult & Community Education	\$157,228	\$66,033.62	42.0%
III	ARP - American Recovery Plan	224553	FSCG	\$2,287,884	\$755,561.38	33.0%
III	ARP Learning Loss	224555	FSCG	\$1,688,391	\$100,879.38	6.0%
III	ARP IDEA K-12 Par ARPSF	224656	Exceptional Education & Student Support Services	\$365,281	\$23,066.30	6.3%
Total				\$5,818,615	\$1,188,462	20.4%

OBJECTIVES AND APPROACH

Objectives

The primary objective was to evaluate the system in place for managing stimulus funds, including key internal controls such as review / approval procedures, documentation requirements, accounting procedures, and other relevant procedures in place for maintaining compliance with regulatory guidelines. Our audit period was from July 2021 through September 2022.

Approach

Our approach consisted of the following phases:

Understanding and Documentation of the Process

The first phase consisted of inquiry and review of policies, procedures and Florida Statute, in an effort to obtain an understanding of the key personnel, risks, processes, and controls relevant to the objective outlined above. The following procedures were conducted as part of this phase:

- Reviewed laws and regulations, and other information as deemed necessary, in order to better understand the stimulus funding requirements as they pertain to federal, state, and local governments and the District's current environment;
- Conducted interviews and walkthroughs with key personnel to obtain a detailed understanding of the District's operating policies and procedures, monitoring functions, contractual arrangements and roles/responsibilities as they relate to the processes within our scope; and
- Developed a work plan for the evaluation of the operating effectiveness of processes and controls, based on the information obtained through our review, inquiry, and walkthrough procedures.

Evaluation of the Design and Effectiveness of Process and Controls

The purpose of this phase was to evaluate the design of key process and controls and test compliance and internal controls for operating effectiveness based on our understanding of the processes obtained during the first phase. We utilized sampling and other auditing techniques to meet our audit objectives outlined above. Our fieldwork testing included only ESSER expenditures approved by the District. Our sample was judgmentally selected to include a variety of expenditures across all budgeted activities. Our testing procedures included, but were not limited to:

- Performed detailed testing of thirty-one (31) expenditures related to goods and services, four (4) corrections, and twenty-five (25) expenditures related to employee compensation to evaluate whether each expense was compliant with funding requirements, properly reported, and sufficiently supported;
- Reviewed the required supporting documentation to substantiate the expenditure and record retention policy to facilitate proper retention of underlying support for representations made to the government;
- Reviewed project budgets and narratives for the twelve (12) awarded ESSER II and III projects;
- Issued a questionnaire to Management to gauge adherence to federal requirements set forth in the Code of Federal Regulations, Title 2, Part 200 (*Uniform Administrative Requirements, Cost Principles, and Award Requirements for Federal Awards*) 2 CFR § 200; and
- Provided recommendations for process improvement(s), where necessary, based on the information obtained through our review, inquiry, and walkthrough procedures.

Reporting

At the conclusion of this audit, we summarized our findings into this report. We have reviewed the results with the appropriate Management personnel and have incorporated Management's response into this report.

OBSERVATIONS MATRIX

Observation	1. Approval of Employee Bonuses
<p>Description</p>	<p>Like many entities, the District utilized stimulus funds to issue bonuses to employees. Through our detailed testing, we noted that employee disaster-relief bonus payments were not consistently approved by the Board. Of the total eight (8) bonus packages within our scope, four (4) did not receive Board approval. Of the four (4) bonuses that did receive Board approval, we noted the approval occurred five (5) to six (6) months after the bonuses were paid to employees. Two (2) separate non-recurring disaster-relief bonus packages totaling \$6,446,460 were paid to each of the four (4) following employee groups:</p> <ul style="list-style-type: none"> • Teamsters union members • Collier County Education Association (“CCEA”) union members • Collier County Education Association of Educational Office and Classroom Assistant Personnel (“CCAEOCAP”) union members • Non-bargaining employees <p>Through review of historic Board agendas, we noted that non-recurring bonuses paid to non-bargaining employees are included in the annual Compensation Book, which is brought to the Board for approval each year prior to payment. However, we noted that both disaster-relief bonuses for non-bargaining employees were paid to employees prior to inclusion and approval of the relevant annual Compensation Book. Similarly, we noted that the Board regularly reviews the annual contracts associated with each bargaining unit. Memorandums of Agreement (“MOAs”) may be utilized to document ad-hoc agreements with each unit between annual negotiation cycles. Two (2) of the MOAs utilized to process the pandemic-relief bonuses were not brought to the Board (Teamsters and CCEA).</p> <p>Since standard practice has established an expectation of Board approval for other employee bonuses, stimulus-funded bonuses should also follow a similar workflow. This will help to promote consistency, transparency, and will also help to provide the Board with a complete and accurate understanding of compensation decisions across the District.</p>
<p>Recommendation</p>	<p>We recommend the District implement a mandatory bonus approval process for all bonus packages, regardless of recurrence or employee categorization. Further, we recommend the District continue to explore opportunities that would allow for timely approval of compensation-related expenditures (i.e., implementing a quarterly approval of bargaining-unit MOAs, and creating ad-hoc consent agenda items for non-bargaining employees). All expenditures related to District-wide bonuses should be Board approved prior to payment issuance.</p>
<p>Management’s Action Plan</p>	<p>Response: The approval by the board is a normal process after the union has ratified their agreements along with any special pay memoranda. The unions only ratify one time per year after the negotiation of the collective bargaining agreement. All memoranda must be ratified by the union before bringing to the board for final approval. It was many months after MOA and the special pay had been agreed upon by the union and management and several of the special pay agreements did not go to the Board for approval. The District and the union have determined the need to conduct ratification votes quarterly. MOA’s will go to the board quarterly and all special pay supplements for non-bargaining employees will be presented to the board through the consent agenda monthly as needed.</p> <p>Responsible Party: Chief Human Resources Officer, Senior Director of Federal, State, and Competitive Grants</p> <p>Estimated Completion Date: June 30, 2023</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	2. Documentation of Grant-Funded Employment Decisions
<p>Description</p>	<p>As part of our detailed testing, we reviewed documentation related to the creation of grant-funded employment positions. We noted that while key components of the decision criteria may be verbally discussed by the Allocation Committee, the documented audit trail evidencing approval of staffing decisions was incomplete.</p> <p>To manage the increased workload associated with pandemic-relief activities, the District budgeted for and hired additional FTEs through ESSER funds. The District utilizes a Resource Allocation Form to document proposed position control changes and begin the hiring requisition process. These forms are discussed and approved or rejected during weekly Allocation Committee meetings. The Chief Financial Officer, Chief Human Resources Officer, Chief Academic Officer, Administrative Director of Student and Staff Projections, Allocations, and Reporting, and the Chief of Staff comprise the Committee. While the meeting minutes contain discussion points and an unsecured spreadsheet contains typed superintendent approval, the official record of approval is documented via the Resource Allocation Form, which should be completed for each FTE, and signed by the Administrative Director, Cabinet / Division leader, and Committee representative. Of our six (6) sampled FTEs, we noted the following omissions on the Resource Allocation Forms:</p> <ul style="list-style-type: none"> • Four (4) of the six (6) samples were missing documented approval from the Administrative Director • Two (2) of the six (6) samples were missing documented approval at the Cabinet / Division level • Four (4) of the six (6) samples were missing documented approval from the Allocation Committee • Four (4) of the six (6) samples were missing pay range details • Six (6) of six (6) samples were missing the job description • Two (2) of the six (6) samples had a start date of “ASAP” instead of a specific calendar date • Six (6) of the six (6) samples were missing documentation to support any additional costs <p>We also noted that the Resource Allocation Form did not include designated space to document FSCG approval from a grant funding perspective, when applicable. Without documenting all aspects of the approval and the necessary details associated with each position, or documenting why certain fields are omitted, the audit trail of grant allocated funds and staffing changes is incomplete. If a later need arises to review a prior FTE approval, obtaining details related to the decision making process will be reliant on memories of individuals, rather than a written record.</p>
<p>Recommendation</p>	<p>We recommend the Allocation Committee utilize the existing form to document approvals of additional FTE. The form should be completed in entirety, as evidence that the Committee received all relevant data points, and should be signed/initialed to evidence Committee approval. If the form cannot be completed in entirety, explanation should be included on the form. We also recommend updating the Allocation Committee Forms to require FSCG written approval for all positions funded through federally awarded dollars.</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	2. Documentation of Grant-Funded Employment Decisions (continued)
Management's Action Plan	<p>Response:</p> <ul style="list-style-type: none">• Approval from the allocation committee is collected at the end once the Superintendent has recommended final approval. Department/cabinet level approval is done through email submission of the form from the requesting individual.• Pay range, if missing, is typically completed by the person responsible for bringing the requests to the Resource Allocation Committee.• Job description is not included typically unless the position is new or there is an adjustment to the description. The committee has access to all job descriptions and reviews during the meeting as needed. Start date of ASAP is typically done for vacancy requests through the resource allocation committee. Start date is generally determined once the individual is hired through Human Resources unless the position is starting in a new school year (July 1).• The Resource Allocation Committee form has been updated to include notification through Human Resources of a review and/or revision of the job description. The form also now includes a section titled "Return on Investment" that requires the identification of anticipated outcomes and/or impact to student achievement.• Additionally, the form will be updated further to include sign-off from Human Resources, FSCG (when applicable), and the Superintendent. <p>Responsible Party: Administrative Director of Student and Staff Projections, Allocations, and Reporting</p> <p>Estimated Completion Date: April 1, 2023</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	3. Procurement Compliance
<p>Description</p>	<p>During our review procedures, we noted several State and Federal compliance items related to the procurement of goods and services:</p> <p><u>Florida Statute Solicitation Requirements</u> Per discussion with Management, the District has not formally documented detailed procurement procedures based on various dollar thresholds to guide day-to-day purchasing activities. Management stated, however, that generally, Buyers within the Purchasing Department are expected to obtain at least three (3) quotes for purchases over \$10,000, formally solicit bids for purchases over \$35,000, or otherwise comply with Florida Statute 287. Although the Procurement Department has hosted training sessions with various other departments regarding these thresholds, a documented SOP or manual does not exist to detail methodology and procurement requirements. As part of our testing of thirty-one (31) expenditures, we noted seven (7) samples (22.6% of the sampled population) did not contain evidence that the expected number of quotes were obtained, and thus, did not comply with these requirements. More information regarding these seven (7) exceptions can be found below:</p> <ul style="list-style-type: none"> • Five (5) samples were above \$10,000 and below \$35,000 (average of \$19,476) • Two (2) samples were above \$35,000 (average of \$141,878) <p><u>Federal Procurement Requirements</u> As part of our procedures, we issued a questionnaire to the Purchasing Department to gauge adherence to federal requirements set forth in 2 CFR § 200 which is required for the utilization of federal grant funding. Of the twenty (20) procurements included in the questionnaire:</p> <ul style="list-style-type: none"> • Five (5) sampled contracts did not contain provisions related to the Clean Air Act and the Federal Water Pollution Control Act (see 2 CFR § 200, Appendix II)* • Six (6) of the sampled contracts did not contain the Byrd Anti-Lobbying Amendment (see 2 CFR § 200, Appendix II)* • Four (4) of the sampled contracts did not contain the Procurement of Recovered Materials provision (see 2 CFR § 200, Appendix II)* • Fourteen (14) sampled procurements did not solicit (or it was unknown if it was solicited) at least one (1) quote from a Certified Minority Business Enterprise (2 CFR § 200.321)* <p>We also noted that the Florida Department of Education conducted a desk monitoring review of the District and issued one (1) finding related to non-compliance with federal procurement regulations (“<i>Finding 1: Follow required federal procurement requirements – sole source</i>”).</p> <p>2 CFR § 200.320 states that “[each] non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section...[for any procurements] used for the acquisition of property or services required under a Federal award or sub-award”. While the District maintains several procurement-related Board Policies that provide high-level governance, detailed formal procedures that offer step-by-step guidance for day-to-day activities do not exist for the areas mentioned above. In addition, we noted that the Purchasing Department has experienced a high rate of turnover in the last twenty-four (24) months. Turnover, and the inherent loss of institutional knowledge, coupled with a lack of undocumented procedures, increases risk of control failure within the purchasing function.</p> <p><i>*Information is based on Management’s responses to issued questionnaire, not detailed testing of source documentation.</i></p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	3. Procurement Compliance (continued)
<p>Recommendation</p>	<p>We recommend the Purchasing Department document requirements for purchases at various dollar thresholds (i.e., purchases below \$10,000, between \$10,001 and \$34,999, above \$35,000, and above \$50,000) via a SOP for internal use and to train sites. These requirements should stipulate the number of quotes required, the form in which the quotes may be received (i.e., written or verbal), the threshold in which formal solicitations should be sought, etc. Purchasing procedures and expectations should be defined under both State and Federal requirements.</p> <p>Procedural documents should also reference Federal contract provisions and review expectations. Specific attention should be made to address piggyback documentation requirements, related party transactions, and the various exemptions to procurement methods, including, but not limited to sole source procurements, exemptions related to instructional materials through Florida Administrative Code, etc.</p> <p>All purchases made through federally awarded funds should automatically trigger a review for compliance with federal purchasing and contractual requirements, including contract provisions, solicitation documents, and sole source documentation, as stated in 2 CFR § 200. Management should consider creating a checklist that encapsulates the various requirements based on purchase amount and funding source.</p> <p>We noted that a federal contract provisions listing has been created by the District General Counsel’s office. To facilitate adherence to provision requirements, we recommend this listing is referenced when entering contracts funded through federally awarded dollars.</p>
<p>Management’s Action Plan</p>	<p>Response: The thresholds for federal purchases and the requirements needed to make these purchases are outlined in several current policies and administrative procedures. The Purchasing Department, however, based on this recommendation, intends to review and evaluate means and methods to strengthen awareness within the District. The intent will also be to ensure a streamlined workflow is created to ensure compliance. The Purchasing Department will conduct research to evaluate internally by benchmarking other like-sized districts in Florida and use that information to develop an improved process. The data and research gathered will be reviewed internally with Senior Leadership for potential implementation by December 31, 2023.</p> <p>Responsible Party: Senior Director of Financial Services and Senior Director of Federal, State, and Competitive Grants</p> <p>Estimated Completion Date: December 31, 2023</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	4. Procurement Approvals
<p>Description</p>	<p>The TERMS procurement system requires requisitions to be approved by various “levels” in order to create a purchase order. The 2019 TERMS handbook describes who is required to sign-off at each of the five (5) levels, and what requisition codes are available (i.e., “approved”, “rejected”, “pending”, etc.). Through our detailed testing, we noted five (5) requisitions did not receive proper approval:</p> <ul style="list-style-type: none"> • One (1) requisition did not contain Level 2 approval. The associated payment was \$297,895. Per the TERMS handbook, Level 2 approval is required from “Project Managers” (i.e., the ESSER grant manager). • Three (3) requisitions did not contain a Level 3 approval. Associated payments were valued at \$58,651, \$297,895, and \$56,160. Per the TERMS handbook, Level 3 or 4 approval is required from the Purchasing Buyer. • One (1) requisition contained a Level 5 approval although it was less than \$4,000. This approval was issued by an individual other than the Purchasing Senior Director. The associated payment was \$1,913. Per the TERMS handbook, Level 5 approval is required from the Purchasing Senior Director for any payments over \$4,000. <p>We also noted that while the 2019 TERMS handbook describes which position is required to sign-off at each level, it does not specify what each level of approval is intended to review. For example, the TERMS handbook states that Level 3 or 4 requisition approval is required from a Purchasing Buyer. However, it does not specify what component of the requisition the Buyer is reviewing (through discussion with Management, we noted that Buyers are reviewing vendor information to verify accuracy). Through discussion with Management, we also noted that awareness of this guidance was not consistent across the District.</p> <p>Without fully defining the approval process, including who is authorized to approve transactions of various dollar amounts and what each approval signifies, the District risks creating purchase orders that may be erroneous, inappropriate, or inconsistently enforced throughout the District.</p>
<p>Recommendation</p>	<p>We recommend that the Purchasing Department enhance the 2019 TERMS handbook to include additional detail related to the requisition approval process, including what each approval signifies. Once updated, this guidance should be redistributed to user departments throughout the District. We also recommend that the Purchasing Department coordinate with the IT Department to review the roles and permissions related to TERMS procurement functions and, if possible, assign each requisition approval level to a corresponding role so that requisitions are consistently approved by the correct level of authority. In addition, the District should consider implementing a stop-gate control to prevent PO’s from generating without all required requisition approvals in the system.</p>
<p>Management’s Action Plan</p>	<p>Response: The Level approvals are outlined in the TERMS handbook and reviewed during Purchasing and Technology trainings held with appropriate District staff. The Purchasing Department will review its manuals and standard operating procedures to promote further awareness and responsibility of the approval levels. The Purchasing Department will review with the Technology Department on the funding and project codes that require Level 3 (debarment form approvals) to ensure all appropriate funds and projects are appropriately defined in the TERMS system for appropriate approval level management.</p> <p>Responsible Party: Senior Director of Financial Services and Executive Director of Technology Services</p> <p>Estimated Completion Date: June 30, 2023</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	5. Policies and Procedures: Grants Management
<p>Description</p>	<p>As part of this audit, we obtained relevant policies and procedural documents from each of the three (3) departments currently managing stimulus funds (Federal, State, and Competitive Grants [“FSCG”], Exceptional Student Education [“ESE”], and Postsecondary, Adult & Community Education). We noted several areas wherein existing documents are outdated or could be improved to reflect current processes.</p> <p><u>Procedures</u></p> <ul style="list-style-type: none"> • <i>Monitoring of Federal Fund Expenditures:</i> Currently, the FSCG, ESE, and the Postsecondary, Adult & Community Education departments each utilize excel spreadsheets or TERMS reports to review expenditures. However, procedures related to who is responsible for generating the report(s), how often the review is performed, how variances and discrepancies are resolved, and who is charged with review procedures during periods of unexpected or expected absences do not exist. Furthermore, formal sign-off of these review processes does not occur within the ESE or Postsecondary, Adult & Community Education departments. • <i>Review and Approval of Purchases:</i> The FSCG, ESE, and Postsecondary, Adult, & Community Education Departments each require specific review and approval of ESSER-related purchases. Designated staff within each department create requisitions, and the department leader approves them for allowability and appropriateness. However, these expectations are not formally documented. • <i>Expense Rejections and Amendments:</i> Purchases may be rejected if deemed unallowable for use of federal funds or may be deemed appropriate only if a budget amendment is created and approved by the Florida Department of Education (“FLDOE”). We noted that written procedures related to budget amendments, or the rejection of unallowable expenses for ESSER II and III do not yet exist within any of the three (3) departments. <p><u>Policies</u></p> <p>The District maintains various Board-level policies related to the spending of federal funds through grant awards. These include, but are not limited to, Board Policy PO6110 (adopted in 2008), Board Policy PO6114 (adopted in 2017), Board Policy PO6112 (adopted in 2017), and Board Policy PO6116 (adopted in 2017). We noted that policies PO6110, PO6112, and PO6116 have not been reviewed or revised since 2017. Generally, policies should be reviewed at least every three (3) years, such that content is relevant and requirements are current.</p> <p>Stimulus Funds provide the District with the opportunity to utilize federal dollars to address local needs. However, without detailed, current, standardized, and formally communicated policies and procedures across the District, risk of spending federal dollars on inappropriate activities, and subsequent non-compliance with federal requirements increases. Further developing and formally documenting internal policies and procedures will assist the District in consistently spending, reviewing, and monitoring the remaining \$81,609,233 of budgeted ESSER II and III funds appropriately.</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	5. Policies and Procedures: Grants Management (continued)
Recommendation	<p>We recommend that the District formally document all currently performed practices and expand upon existing practices, to create in-depth procedural documents. These SOPs, as well as District policies, should be regularly reviewed and kept current. Procedures should be created through collaboration with all grant managing departments in order to consistently and holistically meet District expectations. Management may consider building upon the procedures already developed for Title I funds and/or utilize checklists to track steps, authorizations, and due dates. These procedures should include guidance related to the following activities, at a minimum:</p> <ul style="list-style-type: none"> • Monitoring of spend and budget-to-actuals, including who performs the review, when, how, and what procedures to perform if discrepancies are discovered; • Review of individual expenditures, including who creates the requisition, who approves the requisition, and what approval signifies (i.e., that the expense was reviewed for allowability, appropriateness in timing and accounting string codes, and that no budget amendments are needed); • Expenditure rejection and budget amendment processes, including who may reject expenditures and why, how budget amendments are created, and how they are submitted for review;
Management's Action Plan	<p>Response: The departments are working together to document procedures and SOPs that are in place and align cross-departmentally. These procedures are aligned with Title I procedures and SOPs.</p> <p>Responsible Party: Director of Exceptional Student Education, Senior Director of Federal, State, and Competitive Grants, and Coordinator Workforce Education</p> <p>Estimated Completion Date: June 1, 2023</p>



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