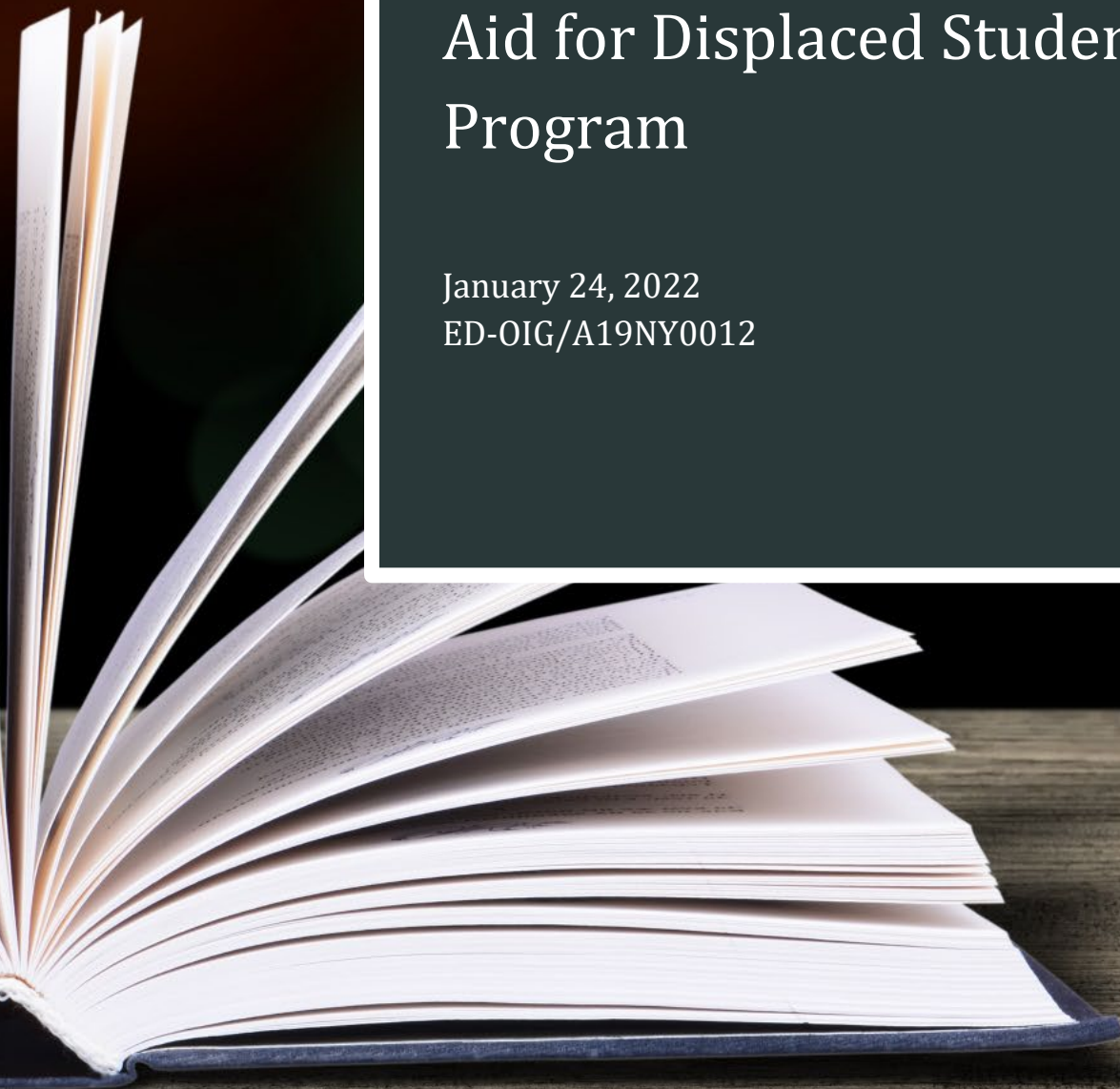




U.S. Department of Education
Office of Inspector General

Massachusetts Department of Elementary and Secondary Education's Administration of the Temporary Emergency Impact Aid for Displaced Students Program

January 24, 2022
ED-OIG/A19NY0012



NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate Department of Education officials will determine what corrective actions should be taken.

In accordance with Freedom of Information Act (Title 5, United States Code, Section 552), reports that the Office of Inspector General issues are available to members of the press and general public to the extent information they contain is not subject to exemptions in the Act.



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services

January 24, 2022

Jeffrey C. Riley
Commissioner of Education
75 Pleasant Street
Malden, MA 02148

Dear Commissioner Riley:

Enclosed is our final audit report, "Massachusetts Department of Elementary and Secondary Education's Administration of the Temporary Emergency Impact Aid for Displaced Students Program," Control Number ED-OIG/A19NY0012. This report incorporates the comments you provided in response to the draft report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Department of Education official, who will consider them before taking final Departmental action on this audit:

Ian Rosenblum
Delegated the Duties of the Assistant Secretary of Elementary and Secondary Education
U.S. Department of Education
400 Maryland Avenue SW
Washington, D.C. 20202

The U.S. Department of Education's policy is to expedite audit resolution by timely acting on findings and recommendations. Therefore, if you have additional comments, we would appreciate receiving them within 30 days.

Sincerely,

/s/

Myra Hamilton
Regional Inspector General for Audit

Enclosure

FINAL REPORT

Table of Contents

Results in Brief	1
Introduction	4
Finding 1. Massachusetts Did Not Ensure That Displaced Student Count Data Were Accurate and Complete and That LEA Allocations Were Appropriate	9
Finding 2. Massachusetts Did Not Ensure That LEAs Appropriately Accounted for Emergency Impact Aid Program Funds.....	17
Appendix A. Scope and Methodology.....	22
Appendix B. Acronyms and Abbreviations.....	28
Appendix C. Massachusetts’s Comments	29

FINAL REPORT

Results in Brief

What We Did

The objectives of our audit were to determine whether the Massachusetts Department of Elementary and Secondary Education (Massachusetts) ensured that (1) displaced student count data provided to the U.S. Department of Education (Department) were accurate and complete, (2) Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid) program funds were appropriately allocated to local educational agencies (LEA), and (3) LEAs appropriately accounted for Emergency Impact Aid program funds within Federal guidelines. Our review covered Massachusetts's policies and procedures over its displaced student count data and allocation of funds to LEAs, and the LEAs' accounting of Emergency Impact Aid program funds from July 1, 2017, through August 17, 2021.¹

To accomplish our audit objectives, we judgmentally selected and reviewed 2 of 69 LEAs in Massachusetts that were awarded Emergency Impact Aid program funds for school year 2017–2018: Springfield Public Schools (Springfield) and Worcester Public Schools (Worcester). These two LEAs were awarded almost \$5.3 million of the \$15.5 million in Emergency Impact Aid program funds that Massachusetts received.

What We Found

We determined that Massachusetts did not ensure that displaced student count data provided to the Department were accurate and complete because it did not have adequate controls to prevent or detect inaccurate displaced student counts. Specifically, the displaced student count data for the two LEAs that we reviewed were inaccurate and incomplete. As a result, Massachusetts reported inaccurate displaced student count data to the Department for school year 2017–2018, and its Emergency Impact Aid program allocations to these LEAs were incorrect. We estimate that Massachusetts allocated to the two LEAs we reviewed (Springfield and Worcester) \$980,999 in Emergency Impact Aid program funds that Massachusetts and its LEAs should not have received.

¹ The funds received under this program were required to be expended for expenses incurred for school year 2017–2018. States and LEAs were further required to obligate funds by December 31, 2018, and liquidate funds within 90 days of this date. Our audit period was expanded due to delays in anticipated monitoring of the Emergency Impact Aid program. In August 2021, we were notified that Massachusetts decided not to monitor the Emergency Impact Aid program.

FINAL REPORT

We also determined that Massachusetts did not ensure LEAs appropriately accounted for Emergency Impact Aid program funds in accordance with Federal requirements. Specifically, Massachusetts did not ensure that Emergency Impact Aid program funds received for students reported as children with disabilities were recorded and tracked separately and LEAs expensed Emergency Impact Aid program funds for employees who worked at schools that supported displaced students. For the two LEAs we reviewed, we identified about \$1.43 million in unsupported costs for students reported as children with disabilities and \$304,308 in unsupported costs for employees who worked at schools that did not support displaced students.

What We Recommend

We made several recommendations to improve Massachusetts's internal controls over displaced student data counts and accounting for Emergency Impact Aid expenditures. Specifically, we recommend that Massachusetts develop and implement procedures to verify the accuracy and completeness of displaced student counts that can be used for Federal reporting requirements related to the Emergency Impact Aid program and ensure that LEA award notifications identify Emergency Impact Aid program funds by student type (including children with disabilities) and that funds are used appropriately. We also recommend that Massachusetts provide support for or return \$980,999 in Emergency Impact Aid program funds received based on inaccurate displaced student count data and about \$1.43 million received to provide services for students reported as children with disabilities.

Massachusetts Comments and Our Response

We provided a draft of this report to Massachusetts for comment. We summarized Massachusetts's comments at the end of each finding and provided the full text of the comments at the end of the report.

Massachusetts Comments

Massachusetts did not state whether it agreed or disagreed with the findings and recommendations. However, Massachusetts stated that it will work with the two LEAs (Springfield and Worcester) to resolve issues noted in the draft report and will establish alternative procedures that are more conducive for future funding opportunities that occur after the close of the fiscal year to ensure that all students claimed are eligible and that all grant data requirements are met.

OIG Response

Massachusetts's proposed actions, if properly designed and implemented, are responsive to one of the recommendations in Finding 1 and four of the

FINAL REPORT

recommendations in Finding 2. However, Massachusetts's proposed actions are either only partially responsive or not responsive to four of the recommendations in Finding 1 and one of the recommendations in Finding 2. Specifically, Massachusetts did not propose actions that address the review of other LEAs that received Emergency Impact Aid program funds to determine whether they (1) had displaced student count data issues like those found in the LEAs that we reviewed and if funds should be returned and (2) separately accounted for Emergency Impact Aid program funds received for the benefit of displaced students reported as children with disabilities and if funds should be returned. Although Massachusetts proposed actions related to the monitoring of future funding opportunities, including or similar to the Emergency Impact Aid program, it did not state that it would implement its procedures for monitoring Emergency Impact Aid program funds provided to subrecipients under its 2018 grant. Further, as indicated above, Massachusetts needs to design and implement actions that are of sufficient detail to ensure resolution of the specific issues noted in this report, in line with our recommendations. Based on Massachusetts's comments, we did not make any revisions to the findings and recommendations.

FINAL REPORT

Introduction

Background

On December 30, 2005, the Hurricane Education Recovery Act (HERA) authorized three grant programs² to assist schools that were affected either directly or indirectly by Hurricanes Katrina and Rita with reopening quickly and meeting the educational needs of displaced students. The Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid) program, authorized under section 107 of the HERA, was designed to provide funds to local educational agencies (LEA) that enrolled displaced students in their schools.

In 2017, several areas of the United States and its territories were devastated by the California wildfires and Hurricanes Harvey, Irma, and Maria. The extraordinary conditions resulting from these major disasters had a devastating and unprecedented impact on students who attended schools in the declared disaster areas of Alabama, California, Florida, Georgia, Louisiana, Puerto Rico, South Carolina, Texas, and the U.S. Virgin Islands. Because of the devastating effects, a significant number of students had to enroll in schools other than the school they were enrolled in before these major disasters.

On February 9, 2018, in response to the 2017 disasters, Congress authorized the Emergency Impact Aid program in the Bipartisan Budget Act of 2018. The statute instructed the U.S. Department of Education (Department) to dispense aid under section 107 of the HERA for school year 2017–2018. This statute did not amend the HERA; rather, it provided for the statutory terms and conditions from the HERA to be applied, with specified updates, for the California wildfires of 2017 and Hurricanes Harvey, Irma, and Maria. Congress appropriated a combined amount of approximately \$2.5 billion for both the Emergency Impact Aid and Immediate Aid to Restart School Operations programs. The purpose of the Immediate Aid to Restart School Operations program was to assist school administrators and personnel of such agencies or nonpublic schools with expenses related to the restarting of operations in, the reopening of, and the reenrolling of students in elementary schools and secondary schools in such areas.

² The HERA authorized the Temporary Emergency Impact Aid for Displaced Students program, Immediate Aid to Restart School Operations program, and the Assistance for Homeless Youth program.

FINAL REPORT

On April 25, 2018, a Federal Register Notice³ announced the availability of funds for the Emergency Impact Aid program. It also included a May 15, 2018, deadline for LEAs to submit applications for the Emergency Impact Aid program to State educational agencies (SEA) and a May 25, 2018, deadline for SEAs to submit applications to the Department. On May 24, 2018, a Federal Register Notice⁴ extended these deadlines to May 25, 2018, and June 4, 2018, respectively. After receiving and reviewing applications, the Department awarded about \$438.8 million to 24 States, Puerto Rico, and the U.S. Virgin Islands for the Emergency Impact Aid program.⁵

Emergency Impact Aid Program—Eligibility and Application Process

Through SEAs, the Emergency Impact Aid program provided funds to LEAs that enrolled displaced students in their schools. Displaced students were defined as those students who resided in an area of a covered disaster or emergency 1 week before the date that the Federal government declared a major disaster or emergency for that area. Further, because of the covered disaster or emergency, those students subsequently enrolled in a school other than the school that they were enrolled in 1 week before the date that the major disaster or emergency was declared for the area.

To receive Emergency Impact Aid program funding, eligible SEAs provided to the Department displaced student counts for four quarters for school year 2017–2018, disaggregated by students who are children with disabilities, English language learners who are not reported as children with disabilities, and all other displaced students. The Department identified four suggested quarterly count dates for SEAs and LEAs to identify numbers of displaced students: October 1, 2017; December 1, 2017; February 1, 2018; and April 1, 2018. SEAs could select these dates or dates that fell within a 21-day range for each of the quarters (that is, within 10 calendar days before or after these dates). Each SEA had to select four specific dates and require that each LEA applying for Emergency Impact Aid program funds use those dates.

In their application, SEAs had to certify that the data were true, complete, and correct. SEAs also had to certify that they would comply with all Emergency Impact Aid program

³ Federal Register Notice, Volume 83, No. 80.

⁴ Federal Register Notice, Volume 83, No. 101.

⁵ The amounts awarded under the Emergency Impact Aid and Immediate Aid to Restart School Operations programs were based on demand and specific data received from eligible applicants.

FINAL REPORT

requirements and other Federal requirements, including reporting requirements.⁶ SEAs, LEAs, and the Bureau of Indian Education schools had to obligate funds received under this program by December 31, 2018, and liquidate any obligations within 90 days of this deadline. Emergency Impact Aid program funds could only be used for expenses incurred during school year 2017–2018, and the SEA had to return any funds not obligated by these entities by December 31, 2018, to the Department.

Payments and Authorized Uses of Emergency Impact Aid Program Funds

The Department allocated to each SEA, based on the quarterly displaced student counts, \$2,500 per displaced student reported as a child with a disability, \$2,250 per displaced English language learner student not reported as a child with a disability, and \$2,125 per displaced student who was not reported as a child with a disability or an English language learner.⁷ SEAs could retain up to 1 percent of their allocations to pay for the costs of administering the program.

On August 13, 2018, the Department awarded the Massachusetts Department of Elementary and Secondary Education (Massachusetts) \$15,541,125 in Emergency Impact Aid program funds. This was the fifth largest amount awarded to any State and about 4 percent of the total amount of Emergency Impact Aid program funds awarded. As of July 2, 2020, Massachusetts had drawn down \$15,498,801, or approximately 100 percent, of its award.

The HERA-authorized uses of Emergency Impact Aid program funds included, among other things, compensation of personnel; classroom supplies; mobile educational units and leasing sites; educational services; reasonable transportation costs; and health, counseling, and support services. The Department’s 2018 Frequently Asked Questions (FAQ) for the Emergency Impact Aid program stated that while the activities and services must be related to serving displaced students, there is no requirement that they be provided only to those students.

⁶ Reporting requirements are included in the Improper Payments Information Act of 2002; the Education Department General Administrative Regulations; and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 Code of Federal Regulations Part 200.

⁷ For the purposes of this report, we refer to the group of displaced students who were not reported as children with disabilities or English language learners as “Other.”

FINAL REPORT

Massachusetts's State Aid Program

On February 27, 2018, Massachusetts's Acting Commissioner of Education announced that the Governor and Legislature of the Commonwealth of Massachusetts approved a \$15 million fiscal year 2018 supplemental appropriation (State Aid) program to assist LEAs serving students from Puerto Rico and the U.S. Virgin Islands who were displaced by the Hurricanes Irma and Maria in the fall of 2017. Massachusetts separated the \$15 million State Aid program funds into two payments and conducted two data collections to determine the payment amounts. To receive the State Aid program funds, Massachusetts instructed LEAs to submit a count of students from Puerto Rico and the U.S. Virgin Islands, who enrolled in their district after being displaced by Hurricanes Irma and Maria. Other data that needed to be submitted for each displaced student included the number of days in attendance, days enrolled in the district, and other demographic data. The first data collection LEAs submitted, due March 9, 2018, included the count of displaced students who were enrolled between October 2, 2017, and March 1, 2018. The second data collection LEAs submitted, due June 8, 2018, included the count of displaced students who were enrolled between October 2, 2017, and May 25, 2018, excluding any days covered in the first collection and capping the total number of days enrolled at 160. Based on the two data collections, Massachusetts issued \$15 million in State Aid program funds to qualifying LEAs.

Massachusetts's LEA Application Process

In its application to the Department, Massachusetts reported displaced student counts using data LEAs submitted for the State Aid program and in applications for Emergency Impact Aid. Massachusetts officials decided to use the displaced student data collected for the State Aid program as the foundation for displaced student counts needed for the Emergency Impact Aid program. Massachusetts's Educational Data Services department separated the State Aid program student count data by the quarter dates,⁸ and by displaced student categories using its Student Information Management System to formulate the data to fit the Emergency Impact Aid program. Additionally, Massachusetts required LEAs to submit a separate Emergency Impact Aid application because the State Aid data did not include those students displaced by Hurricane Harvey or the 2017 California wildfires, or those students displaced by Hurricanes Irma and Maria who were not previously reported in the LEA State Aid program submissions. LEAs were instructed to separate the data by quarter and categories required by the Emergency Impact Aid program. Based on this process, Massachusetts reported a total

⁸ Massachusetts' specified October 2, 2017, December 1, 2017, February 1, 2018, and April 1, 2018, as the quarterly reporting dates in its Emergency Impact Aid application.

FINAL REPORT

of 6,764 displaced students, of which, 6,589 (97 percent) were from the State Aid program data and 175 (3 percent) were from the LEAs' Emergency Impact Aid applications.

Selected LEAs

Massachusetts awarded Emergency Impact Aid program funds to 69 LEAs in September 2018, with Springfield Public Schools (Springfield) and Worcester Public Schools (Worcester) receiving the largest two awards. The two LEAs (Springfield and Worcester) that we selected for review were awarded almost \$5.3 million from the Emergency Impact Aid program, based on their reported displaced student counts by category, as shown in Table 1.

Table 1. Emergency Impact Aid Program Funds Awarded to Selected LEAs and Their Displaced Student Counts by Category

LEA	Emergency Impact Aid Program Funds Awarded	Students with Disabilities	English Language Learner Students	Other Students	Total Students
Springfield	\$3,169,375	344	982	47	1,373
Worcester	\$2,096,875	226	610	75	911
Total	\$5,266,250	570	1,592	122	2,284

FINAL REPORT

Finding 1. Massachusetts Did Not Ensure That Displaced Student Count Data Were Accurate and Complete and That LEA Allocations Were Appropriate

Massachusetts did not ensure that displaced student count data that it derived from its State Aid program⁹ and LEA applications and subsequently reported to the Department were accurate and complete. As a result, we estimate that Massachusetts allocated to the two LEAs we reviewed \$980,999 in Emergency Impact Aid program funds that Massachusetts and its LEAs should not have received.

Inaccurate and Incomplete Displaced Student Counts from the State Aid Program

We found Massachusetts reported inaccurate and unsupported displaced student count data, that was derived from its State Aid program to the Department. We performed testing on a stratified random statistical sample of 310 displaced students that Massachusetts reported for 2 LEAs (Springfield and Worcester) based on the State Aid program data collections. We found that of these 310 displaced students, 62 were inaccurately counted as displaced of which 39 students did not transfer from a designated disaster area. A significant majority of these 39 students were enrolled in the school districts during the school year before the disasters were declared and never withdrew. For the remaining 23 students, the LEAs did not provide documentation sufficient to support the students' displaced status. For instance, Springfield provided screenshots from its student information systems for six students and did not provide any other supporting documentation, and Worcester often provided supporting documentation that was not for school year 2017–2018. Table 2 shows the incorrect displaced student counts for the two LEAs we reviewed.

⁹ When we refer to displaced student count data from the State Aid program, we are referring to the Emergency Impact Aid student count data that was derived from the State Aid program.

FINAL REPORT

Table 2. Summary of Reasons Displaced Student Counts Were Incorrect in the State Aid Program Data

LEA	Total Student Counts Tested at LEA	Student Did Not Transfer from a Disaster Area	Adequate Documentation Was Not Provided to Confirm Student was Displaced	Total Student Counts at LEA That Were Incorrect
Springfield	155	1	12	13
Worcester	155	38	11	49
Total	310	39	23	62

Inaccurate and Incomplete Displaced Student Counts from LEAs' Applications

We also found Massachusetts reported inaccurate and unsupported displaced student count data to the Department based on data submitted by LEAs in their Emergency Impact Aid applications. Springfield reported 41 displaced students and Worcester reported 4 displaced students in their Emergency Impact Aid applications. We performed testing of displaced student count data for all 45 of these students and found that 37 students were inaccurately counted as displaced. We found that Springfield reported 16 displaced students who enrolled in their district after the last quarterly reporting date of April 1, 2018; therefore, they should not have been counted as displaced. We also found 19 duplicated student counts that both Massachusetts identified from its State Aid program and Springfield reported in its Emergency Impact Aid application. For Worcester, we found two students counted as displaced that had not transferred from a designated disaster area and should not have been counted for the Emergency Impact Aid program. Table 3 shows the incorrect displaced student counts for the two LEAs we reviewed.

FINAL REPORT

Table 3. Summary of Reasons Reported Displaced Student Counts Were Incorrect in the LEA Emergency Impact Aid Applications

LEA	Total Student Counts Reviewed at LEA	Student Was Not Enrolled on Quarter Date Reviewed	Duplicate Counts	Student Did Not Transfer From a Disaster Area	Total Student Counts at LEA that were Incorrect
Springfield	41	16	18	0	35
Worcester	4	0	0	2	2
Total	45	16	19	2	37

Federal Requirements for the Emergency Impact Aid Program

According to 2 Code of Federal Regulations (C.F.R.) section 200.303, Internal Controls, (a) and (c), a non-Federal entity should establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the award in compliance with applicable Federal statutes, regulations, terms, and conditions. Further, the non-Federal entity must also evaluate and monitor its compliance with statute, regulations, and terms and conditions of Federal awards.

The U.S. Government Accountability Office’s “Standards for Internal Control in the Federal Government,” (Green Book) may be used by SEAs to develop a system that produces accurate and complete data. The Green Book specifically states that management should design appropriate types of control activities.

Division B, Subdivision 1, Title VIII, “Hurricane Education Recovery,” of Public Law 115-123, the Bipartisan Budget Act of 2018., enacted February 9, 2018, states that

[t]he term "displaced student" means a student who enrolled in an elementary school or secondary school (other than the school that the student was enrolled in, or was eligible to be enrolled in, on the date that is one week prior to the date that the major disaster or emergency was declared for the area) because such student resides or resided on the date that is one week prior to the date that the major disaster or emergency was declared for the area, in an area for which a major disaster or emergency has been declared by the President.

Question A-1 of the Department’s 2018 FAQ for Emergency Impact Aid, states that “[t]he Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid) program provides funds to assist with the cost of educating public and non-public

FINAL REPORT

students displaced by Hurricanes Harvey, Irma, and Maria, or the 2017 California wildfires for which a major disaster or emergency has been declared.” Also, A-3 lists the areas of a covered disaster or emergency that the Federal Emergency Management Agency designated in the Federal Register as eligible for individual or public assistance.

Massachusetts Did Not Have Adequate Controls in Place to Prevent or Detect Inaccurate or Incomplete Displaced Student Counts

Massachusetts did not ensure displaced student count data reported to the Department were accurate and complete because it did not have adequate controls in place to prevent or detect inaccurate displaced student counts. Massachusetts certified in its Emergency Impact Aid application to the Department that the data included in the application were accurate; however, it did not implement steps to verify the accuracy and completeness of the displaced student counts.

We found that Massachusetts did not prevent inaccurate displaced student counts because it relied only on the LEAs’ certifications that the displaced student counts that they submitted for the State Aid program and in their Emergency Impact Aid applications were accurate. Massachusetts did not verify if displaced students reported by the LEAs for the State Aid program met the eligibility requirements for the Emergency Impact Aid program. Further, Massachusetts did not provide the LEAs with the final displaced student counts it planned to submit to the Department on their behalf; therefore, LEAs did not have an opportunity to review and verify the accuracy of the displaced student data.

We also found that Massachusetts did not detect inaccurate displaced student count data because it did not monitor LEAs that received funds under the Emergency Impact Aid program. Massachusetts’s original plan was to begin its monitoring of the Emergency Impact Aid program on March 1, 2019, with desk reviews and on-site visits to be performed by its Audit and Compliance Unit. Massachusetts postponed the scheduled monitoring until February 1, 2020, so that it could incorporate its Emergency Impact Aid program monitoring with its fiscal reviews related to the Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. According to Massachusetts’s Audit and Compliance Director, the State wanted to lessen the burden placed on LEAs by avoiding having multiple State units perform separate annual reviews. During the exit conference, Massachusetts’s Audit and Compliance Director mentioned a State Law¹⁰

¹⁰ Massachusetts State Law—General Law—Part I, Title II, Chapter 15, § 55A.

FINAL REPORT

stating that Massachusetts school districts are not to be subjected to multiple comprehensive audits or reviews by Massachusetts or any accrediting body within a 9-month period unless the Massachusetts Board of Elementary and Secondary Education specifically votes to do so on an emergency basis.

However, according to, 2 C.F.R. section 200.332(d), pass-through entities, are required to monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Additionally, the scheduled 2020 reviews were postponed by the Massachusetts's Commissioner of Education due to the coronavirus pandemic and the closure of schools and State agencies. In August 2021, Massachusetts officials notified us that they would not be monitoring the Emergency Impact Aid program due to the increase in Federal education funding provided in response to the coronavirus pandemic, which caused them to realign their priorities to address their higher risk programs.

Incorrect Displaced Student Count Data Resulted in Unsupported Emergency Impact Aid Program Payments

Our testing included samples from the State Aid program data and the LEAs' Emergency Impact Aid applications. Because Massachusetts did not ensure that the displaced student counts collected from the LEAs we reviewed were accurate and complete, it reported inaccurate displaced student count data to the Department and the Emergency Impact Aid program funds allocated to the LEAs were incorrect. We estimate that Massachusetts allocated to the two LEAs we reviewed \$980,999 in Emergency Impact Aid program funds that Massachusetts and its LEAs should not have received.

Results of Sample Testing of the State Aid Program at Springfield

As shown in Table 4, of the 155 students that we statistically sampled for Springfield, we identified 13 students who were incorrectly counted as displaced in the quarter they were tested. As a result, we estimate and recommend the return of \$244,636 in Emergency Impact Aid program funds that were allocated and spent for students inaccurately included in the three displacement categories. Based on the sample estimate, we are 90 percent confident that the total amount of unsupported Emergency Impact Aid program funds is between \$154,534 and \$380,428.

FINAL REPORT

Table 4. Results of Sample Student Testing at Springfield from State Aid Program

Displaced Category	Displaced Students	Sample Size	Students Incorrectly Counted as Displaced in Tested Quarter	Percent of Students in Sample Incorrectly Counted as Displaced
Other Students	47	10	2	20%
Students with Disabilities	334	40	1	3%
English Language Learner Students	951	105	10	10%
Total	1332	155	13	8%

Results of Sample Testing of the State Aid Program at Worcester

As shown in Table 5, of the 155 students that we statistically sampled for Worcester, we identified 49 students who were incorrectly counted as displaced in the quarter they were tested. As a result, we estimate and recommend the return of \$650,738 in Emergency Impact Aid program funds that were allocated and spent for students inaccurately included in the three displacement categories. Based on the sample estimate, we are 90 percent confident that the total amount of unsupported Emergency Impact Aid program funds is between \$529,136 and \$786,190.

Table 5. Results of Sample Student Testing at Worcester from State Aid Program

Displaced Category	Displaced Students	Sample Size	Students Incorrectly Counted as Displaced in Tested Quarter	Percent of Students in Sample Incorrectly Counted as Displaced
Other Students	72	15	8	53%
Students with Disabilities	225	40	19	48%
English Language Learner Students	610	100	22	22%
Total	907	155	49	32%

FINAL REPORT

Results of Sample Testing from the LEAs' Applications

We tested 100 percent of the displaced student counts that Springfield and Worcester reported in their LEA applications. Our testing identified incorrect and duplicate displaced student counts, resulting in \$85,625 in unallowable costs. Massachusetts reported incorrect displaced student counts based on the LEAs' applications, which resulted in the State and the two LEAs receiving \$40,875 more in Emergency Impact Aid program funds than they should have received. Table 6 shows the incorrect displaced student counts for the two LEAs we reviewed. In addition, Massachusetts reported 19 displaced students twice for Springfield's displaced student count, which resulted in the State receiving \$44,750 more in Emergency Impact Aid program funds than it should have received and subsequently allocating these excess funds to Springfield.

Table 6. Results of Incorrect Displaced Student Counts for the separate LEA Application

Displaced Category	Amount per Student	Springfield's Incorrect Count	Springfield's Incorrect Amount	Worcester's Incorrect Count	Worcester's Incorrect Amount	Total
Other Students	\$2,125	0	-	1	\$2,125	\$2,125
Students with Disabilities	\$2,500	1	\$2,500	1	\$2,500	\$5,000
English Language Learner Students	\$2,250	15	\$33,750	0	-	\$33,750
Total	-	16	\$36,250	2	\$4,625	\$40,875

Recommendations

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require Massachusetts to—

- 1.1 Develop and implement procedures to verify the accuracy and completeness of displaced student counts that can be used for Federal reporting requirements related to the Emergency Impact Aid program.
- 1.2 Implement its procedures for monitoring the Emergency Impact Aid program.
- 1.3 Provide support for the inaccurate and unsupported displaced student counts at Springfield and Worcester or return \$895,374 in Emergency Impact Aid program

FINAL REPORT

funds received based on projectable inaccurate and unsupported displaced student counts. Review support for all LEAs, or a statistically valid sample of students reported as displaced by quarter, and return any funds related to inaccurate and unsupported displaced student counts.

- 1.4 Provide support for the unsupported displaced student counts at Springfield and Worcester or return \$40,875 in Emergency Impact Aid program funds received based on the inaccurate displaced student counts that were collected from the LEAs in the LEA application. Review support for all LEAs, or a statistically valid sample of students reported as displaced by quarter, and return any funds related to inaccurate displaced student counts.
- 1.5 Return \$44,750 in Emergency Impact Aid program funds received based on duplicate displaced student counts. Determine whether other Massachusetts LEAs that received Emergency Impact Aid program funds reported duplicate displaced student counts and return funds for any duplicate students that are found.

Massachusetts Comments

Massachusetts did not state whether it agreed or disagreed with the finding and recommendations. However, Massachusetts stated that it will work with Springfield and Worcester to resolve issues noted in the draft report and will establish alternative procedures for future funding opportunities that occur after the close of the fiscal year to ensure that all students claimed are eligible.

OIG Response

Massachusetts's proposed actions, if properly designed and implemented, are responsive to Recommendations 1.1 and partially responsive to Recommendations 1.3, 1.4, and 1.5. Specifically, Massachusetts did not state that it would review other LEAs that received Emergency Impact Aid program funds to determine whether they had displaced student count data issues like those found in the LEAs that we reviewed and if funds should be returned. Additionally, Massachusetts's proposed actions are not responsive to Recommendation 1.2. Specifically, Massachusetts did not state that it would implement its procedures for monitoring Emergency Impact Aid program funds provided to subrecipients, as required by 2 C.F.R. section 200.332(d).

FINAL REPORT

Finding 2. Massachusetts Did Not Ensure That LEAs Appropriately Accounted for Emergency Impact Aid Program Funds

Massachusetts did not ensure that LEAs appropriately accounted for Emergency Impact Aid program funds in accordance with Federal requirements and guidelines. Specifically, Massachusetts did not ensure that LEAs accounted for Emergency Impact Aid program funds received for students reported as children with disabilities in accordance with Federal requirements and LEAs expended Emergency Impact Aid program funds for employees who worked at schools that supported displaced students. As a result of not ensuring LEAs appropriately accounted for Emergency Impact Aid program funds, Massachusetts provided about \$1.43 million in unsupported costs for students reported as children with disabilities and \$304,308 in unsupported costs for employees who did not work at schools that had displaced students for the two LEAs we reviewed.

Massachusetts Did Not Ensure LEAs Properly Accounted for Emergency Impact Aid Funds Received for Children with Disabilities

We found that Massachusetts did not ensure that the LEAs accounted for their Emergency Impact Aid program funds for students reported as students with disabilities in accordance with Federal requirements and guidelines. The two LEAs we reviewed did not record or track Emergency Impact Aid program funds received for displaced students reported as children with disabilities separately from Emergency Impact Aid program funds received for displaced students reported as children without disabilities. In the September 21, 2018, award notifications to the LEAs we reviewed, Massachusetts provided all Emergency Impact Aid program funds, including funds for students reported as children with disabilities, as a lump-sum payment. The award notifications did not identify Emergency Impact Aid program funds based on student type (children with disabilities, English language learners, or other displaced students); the portion of the funds awarded for students reported as children with disabilities; and how LEAs should account for Emergency Impact Aid funds received for students with disabilities. For the two LEAs we reviewed, neither had any documentation supporting that Emergency Impact Aid funds were tracked separately and used for special education and related services consistent with Individuals with Disabilities Education Act (IDEA) requirements.

Section 107 of the HERA states that “[i]n the case of a displaced student who is a child with a disability, any payment made on behalf of such student to an eligible local educational agency or any payment available in an account for such student, shall be used to pay for special education and related services consistent with [IDEA].”

FINAL REPORT

Part B of IDEA includes the requirement that the funds be used for the excess costs of providing special education and related services to children with disabilities, consistent with maintenance-of-effort, and should supplement, not supplant, requirements.

Question E-5 of the Department's 2018 FAQ for the Emergency Impact Aid program states that, "Recipients of funds under this program for displaced students who are children with disabilities may use those funds only to pay for special education and related services consistent with the IDEA."

Question E-6 of the Department's 2018 FAQ for the Emergency Impact Aid program states that, "The requirements that apply to the use of funds provided for displaced students who are children with disabilities are the same as those that apply to the LEAs use of funds provided under Part B of the IDEA."

Question F-5 of the Department's 2018 FAQ for the Emergency Impact Aid program states that, "[Emergency Impact Aid] funds provided for displaced students reported as children with disabilities must be recorded and tracked separately from [Emergency Impact Aid] funds provided for students without disabilities."

The guidance Massachusetts provided to the LEAs was inadequate to assist LEAs in properly accounting for the Emergency Impact Aid program funds for students with disabilities. Massachusetts provided Requests for Proposal, award notifications, and informational emails;¹¹ however, the guidance did not specify that LEAs were required to record and track Emergency Impact Aid funds received for children with disabilities separately from Emergency Impact Aid funds received for students without disabilities. Further, Massachusetts did not provide the LEAs with the Department's 2018 FAQ document, which contained Emergency Impact Aid program requirements on appropriately tracking and accounting for Emergency Impact Aid funds received for children with disabilities.

Finally, Massachusetts did not monitor the Emergency Impact Aid program to ensure that Emergency Impact Aid program funds were accounted for properly. As stated in Finding 1, Massachusetts did not monitor the Emergency Impact Aid program.

Because Massachusetts did not ensure that the two LEAs we reviewed properly accounted for Emergency Impact Aid program funds received for students reported as

¹¹ The emails stated that the law does not require that program funds be used to serve only displaced students and, if any of the displaced students are children with disabilities, the district may use funds to provide special education and related services to both displaced and other students with disabilities.

FINAL REPORT

children with disabilities, unsupported costs for these two LEAs totaled about \$1.43 million—including \$860,000 for Springfield and \$565,000 for Worcester. If other Massachusetts LEAs that received Emergency Impact Aid program funds did not separately account for Emergency Impact Aid program funds for the benefit of students reported as children with disabilities, an additional portion of the \$3.75 million Massachusetts received for children with disabilities could be unsupported because there would be no assurance that the funds were used to provide services for children with disabilities as intended.

Massachusetts Did Not Ensure that LEAs Expended Emergency Impact Aid Program Funds to Schools Supporting Displaced Students

Massachusetts did not ensure that the two LEAs we reviewed expended Emergency Impact Aid program funds for employees at only those schools enrolling displaced students. We found that both Springfield and Worcester expended Emergency Impact Aid program funds for compensation of employees at schools that did not serve displaced students. Of the almost \$3.2 million in Emergency Impact Aid funds Springfield received, \$69,783 was used to pay for employees who worked at three schools that did not serve displaced students. Of the almost \$2.1 million in Emergency Impact Aid funds Worcester received, \$234,525 was used to pay for employees who worked at five schools that did not serve displaced students. Table 7 contains additional details.

Table 7. Emergency Impact Aid Program Funds Expended for Employees at Schools That Did Not Serve Displaced Students.

LEA	Number of Employees that Work in Schools for Which no Displaced Students Were Reported	Number of Schools	Total Amount Paid for the Employees
Springfield	22	3	\$69,783
Worcester	5	5	\$234,525
Total	27	8	\$304,308

Section 107(e)(1) of the HERA lists the authorized uses of Emergency Impact Aid program funds, including “Paying the compensation of personnel, including teacher aides, in schools enrolling displaced students.”

FINAL REPORT

Massachusetts did not monitor their LEAs Emergency Impact Aid program expenditures. LEAs were provided guidance to use their Emergency Impact Aid funds on expenses from the school year 2017–2018 related to the educational needs of students displaced by a covered disaster and enrolled in a Massachusetts public school. However, Massachusetts did not conduct a review of LEAs' expenditures to ensure that all expenditures an LEA provided were associated with the expenses of serving a displaced student. As a result of Massachusetts not ensuring that LEAs properly accounted for funds, the LEAs we reviewed did not comply with Federal requirements and approximately \$69,783 of Springfield's and \$234,525 of Worcester's Emergency Impact Aid program funds were unsupported.

Recommendations

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require Massachusetts to—

- 2.1 Provide support showing that Springfield and Worcester properly used Emergency Impact Aid program funds for displaced students reported as children with disabilities or return about \$1.43 million to the Department.
- 2.2 Determine whether other Massachusetts LEAs that received Emergency Impact Aid program funds separately accounted for Emergency Impact Aid program funds received for the benefit of displaced students reported as children with disabilities. For all or a statistical sample, of these LEAs that did not separately account for these funds, review support to determine whether they properly used these funds and return any funds that were not properly used.
- 2.3 Develop and implement procedures for providing guidance for and monitoring of future emergency funding from the Department to ensure that (1) award notifications to the LEAs identify Emergency Impact Aid program funds by student type (including children with disabilities), (2) funds received for displaced students are used for activities and services in accordance with Federal requirements, and (3) all Federal grant requirements are provided to the LEAs.
- 2.4 Provide support demonstrating that employees in Springfield and Worcester worked at schools with displaced students or return \$304,308 to the Department.
- 2.5 Develop controls to provide reasonable assurance that LEAs use funds received for displaced students for activities and services related to serving displaced students.

FINAL REPORT

Massachusetts Comments

Massachusetts did not state whether it agreed or disagreed with the finding and recommendations. However, Massachusetts stated that it will work with Springfield and Worcester to resolve issues noted in the draft report and will establish alternative procedures for future funding opportunities that occur after the close of the fiscal year to ensure that all students claimed are eligible and that all grant requirements are met. Massachusetts explained that it encountered difficulties with the Emergency Impact Aid grant because it had to work with the Massachusetts Department of Revenue, the State agency that maintains control over municipalities' financial records, to reopen the closed financial records and properly account for the funds.

OIG Response

Massachusetts's proposed actions, if properly designed and implemented, are responsive to Recommendations 2.1, 2.3, 2.4, and 2.5. However, the proposed actions are not responsive to Recommendation 2.2. Specifically, Massachusetts did not state that it will review other LEAs that received Emergency Impact Aid program funds to determine whether they separately accounted for funds received for the benefit of displaced students reported as children with disabilities and if funds should be returned.

FINAL REPORT

Appendix A. Scope and Methodology

We reviewed Massachusetts's policies and procedures for the administration of Emergency Impact Aid program funds. Specifically, we reviewed Massachusetts's policies and procedures to ensure that displaced student count data provided to the Department were accurate and complete, funds were appropriately allocated to LEAs, and LEAs appropriately accounted for Emergency Impact Aid program funds within Federal guidelines. Our review covered Massachusetts's policies and procedures for the period July 1, 2017, through August 17, 2021.¹²

To achieve our audit objectives, we performed the following procedures at Massachusetts:

- Gained an understanding of and evaluated Massachusetts's policies and procedures related to the reliability of displaced student count data, the allocation of funds to LEAs, and the LEAs' accounting of funds.
- Reviewed Massachusetts's application to the Department for Emergency Impact Aid to understand its eligibility and displaced student count data.
- Interviewed Massachusetts officials responsible for administering the State Aid program to understand how Massachusetts collected displaced student counts for this program.
- Interviewed Massachusetts officials responsible for administering the Emergency Impact Aid program and reviewed their monitoring plans and tools to determine whether they adequately assessed the accuracy of displaced student count data and monitored LEAs' displaced student count data and expenditures.
- Identified and reviewed written policy and procedures and training provided to Massachusetts and LEA employees for the submission of displaced student count data and determined whether it included sufficient detail to ensure that Massachusetts and LEA employees were informed of the definition of a displaced student and the related displaced student count data reporting requirements.

¹² We expanded this date due to planned monitoring in April 2021. But Massachusetts informed us on August 17, 2021, that they were not going to monitor the Emergency Impact Aid program.

FINAL REPORT

- Reviewed obligation and expenditure data to ensure applicable laws and regulations were followed.
- Gained an understanding of Federal law, regulations, and guidance relevant to our audit objectives, including
 - the Bipartisan Budget Act of 2018;
 - 2 C.F.R. section 200.328(a) Monitoring by the non-Federal entity, 2 C.F.R. section 200.303(a) Internal Controls, and 2 C.F.R. section 200.331(d) Pass-through entities; and
 - the Department’s 2018 FAQ for the Emergency Impact Aid program.

To achieve our audit objectives, we judgmentally selected two LEAs in Massachusetts for review and performed the following procedures at both LEAs:

- Reviewed and gained an understanding of LEA-level policies and procedures related to the administration of the Emergency Impact Aid program. To ensure applicable laws and regulations for counting displaced students were followed and that displaced student count data were accurate and complete.
- Interviewed key LEA officials responsible for the monitoring and oversight of local displaced student count data. Interviewed LEA officials responsible for collecting displaced student counts, determining English language learner and children with disabilities status, expending and accounting of Emergency Impact Aid funds as well as ensuring the reliability of the displaced student count data.
- Determined if LEAs accurately identified displaced students. To accomplish this, through sampling, we determined if student records supported displaced student count data.¹³ To make this determination, we reviewed records for each student for evidence of student enrollment in a school other than the school they were enrolled in prior to the date of the disaster or emergency and whether the student was coming from an area of a covered disaster or emergency. We considered all relevant documentation in the student records we reviewed, such as transcripts, enrollment forms, and printouts from the LEAs’ student information systems. See “Sampling Methodology” section below for details on displaced student sample sizes tested at LEAs.

¹³ Checking if displaced students attended LEAs on the applicable count dates and were correctly categorized as being displaced students with or without disabilities, or English language learners.

FINAL REPORT

- Reviewed LEA-level accounting policies and procedures to ensure applicable Federal laws and regulations were followed.
- Ensured that the Emergency Impact Aid payments received from Massachusetts were supported by the displaced student counts.
- Reviewed the LEAs' expenditure documentation (including journal entries) to ensure the funds were properly accounted for as required by Federal guidelines.
- Ensured the LEAs obligated all funds received by December 31, 2018, and liquidated the funds within 90 days of the December 31, 2018, deadline.
- Ensured that the Emergency Impact Aid funds provided for displaced students reported as children with disabilities were recorded and tracked separately from the Emergency Impact Aid funds provided for students without disabilities.
- Verified that the LEAs contacted all non-public schools within the district for the Emergency Impact Aid program.

LEA Selections

We judgmentally selected 2 of the 69 LEAs in Massachusetts that were awarded Emergency Impact Aid program funds for school year 2017–2018. We selected LEAs based on their total award amounts. Specifically, we selected Springfield and Worcester because they were the two largest recipients of Emergency Impact Aid program funds in Massachusetts. These two LEAs were awarded about \$5.3 million (34 percent) of the \$15.5 million in Emergency Impact Aid program funds that Massachusetts was awarded.

Sampling Methodology

Displaced Student Count Testing at Selected LEAs

To determine whether Massachusetts ensured that the displaced student count data provided to the Department were accurate and complete, we conducted testing at the two LEAs we reviewed. For both LEAs, we tested students' eligibility for being classified as displaced students as of the quarterly dates specified by Massachusetts for school year 2017–2018. In addition, we selected a stratified random statistical sample of students reported in individual quarters from each of the displaced student categories: students with disabilities, English language learner students, and other students. For both LEAs, we selected students from two groups.

1. Those reported for the Massachusetts State Aid program. We selected a random sample of the displaced students who were reported for the

FINAL REPORT

Massachusetts State Aid program.¹⁴ Any students who appeared in all four quarters could have been selected up to four times for the statistical sample.

2. Those reported on the LEA Emergency Impact Aid applications. We reviewed 100 percent of the displaced students reported on the LEAs' Emergency Impact Aid applications.

Tables 8 and 9 show the universes and sample sizes at the two LEAs reviewed. We determined these sample sizes based on the universe sizes and our assessment of risk. The sample results for Springfield and Worcester are projectable to their respective universes except for one student category.

Table 8. Displaced Student Sample Size for Testing at Springfield

Displaced Student Category	Universe of Displaced Students (Sum of all Four Quarters) ^a	Sample Size
Other Students	47	10 ^b
Students with Disabilities	334	40
English Language Learner Students	951	105
Additional Stratum	41	41
Total	1,373	196

^a The Emergency Impact Aid program requires eligible students to be reported in multiple quarters, and therefore can be counted more than once.

^b The sample size for the Springfield "other students" failed to meet the target precision rate (20 percent) to provide a complete confidence interval. For this reason, we have only provided the 90 percent lower bound.

¹⁴ For the exception of the additional stratum, the sample sizes for each stratum were computed using an error rate of 20 percent precision for a 90 percent level of assurance.

FINAL REPORT

Table 9. Displaced Student Sample Size for Testing at Worcester

Displaced Student Category	Universe of Displaced Students (Sum of all Four Quarters) ^a	Sample Size
Other Students	72	15
Students with Disabilities	225	40
English Language Learner Students	610	100
Additional Stratum	4	4
Total	911	159

^a The Emergency Impact Aid program requires eligible students to be reported in multiple quarters, and therefore can be counted more than once.

For the selected quarters and students, we reviewed student data and supporting documentation to determine whether:

- LEAs accurately reported each student’s displacement status as of the quarterly dates specified by Massachusetts.
- Supporting documentation confirmed that reported displaced students resided in a covered disaster or emergency area 1 week prior to the date that the major disaster or emergency was declared for the area; and as a result of the covered disaster or emergency, enrolled in an elementary school or secondary school other than the school that the student was enrolled in, or was eligible to be enrolled in.
- LEAs correctly reported each displaced student’s disability or English language learner status.

Internal Controls

We gained an understanding of Massachusetts’s internal controls over displaced student count data and allocation of funds to LEAs, and LEAs’ accounting of Emergency Impact Aid program funds. We determined Massachusetts did not have adequate internal controls in place to prevent or detect inaccurate displaced student counts or to ensure that LEAs properly accounted for Emergency Impact Aid program funds in accordance with applicable Federal requirements.

FINAL REPORT

Use of Computer-Processed Data

We relied, in part, on computer-processed data that Massachusetts provided which summarized displaced student count data and allocations to LEAs. We used these data to evaluate the accuracy and completeness of the student count data that Massachusetts provided to the Department and to confirm that Massachusetts's allocations of Emergency Impact Aid program funds to its LEAs were correct. We also used these data to judgmentally select two LEAs to test the accuracy and completeness of displaced student count data. To confirm the sufficiency and appropriateness of the data Massachusetts provided, we reviewed, for the two LEAs we selected, applications the LEAs submitted (including displaced student count data and budgeted Emergency Impact Aid program amounts) and the LEAs' accounting records (documented Emergency Impact Aid program funds received from Massachusetts).

We also relied on student enrollment data from our selected LEAs' student information and accounting systems. To assess the sufficiency and appropriateness of the student enrollment data in the LEAs' student information systems, we compared data elements from those systems to school-level supporting documentation, such as enrollment forms and prior school transcripts. Also, we reviewed documentation for students with disabilities and English language learner students, including Individualized Education Programs, to confirm that the students met the criteria for those displaced student categories. Based on the work performed, we determined that the data were sufficiently reliable for the objectives of our audit.

Due to the coronavirus pandemic, we conducted our audit virtually from November 2020 through June 2021 with staff at Massachusetts's offices in Malden, Massachusetts; Springfield's offices in Springfield, Massachusetts; and Worcester's offices in Worcester, Massachusetts. We held an exit conference and discussed the results of our audit with Massachusetts officials on June 24, 2021.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

FINAL REPORT

Appendix B. Acronyms and Abbreviations

C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
Emergency Impact Aid	Temporary Emergency Impact Aid for Displaced Students
FAQ	Frequently Asked Questions
Green Book	U.S. Government Accountability Office’s “Standards for Internal Control in the Federal Government”
HERA	Hurricane Education Recovery Act
IDEA	Individuals with Disabilities Education Act
LEA	local educational agency
Massachusetts	Massachusetts Department of Elementary and Secondary Education
SEA	State Educational Agency
Springfield	Springfield Public Schools
State Aid	supplemental appropriation
Worcester	Worcester Public Schools

FINAL REPORT

Appendix C. Massachusetts's Comments



Jeffrey C. Riley
Commissioner

Massachusetts Department of Elementary and Secondary Education

75 Pleasant Street, Malden, Massachusetts 02148-4906

Telephone: (781) 338-3000
TTY: N.E.T. Relay 1-800-439-2370

Myra Hamilton, Regional Inspector General for Audit
New York/ Dallas Region
U.S. Department of Education
Office of Inspector General
1201 Elm St., Suite 1075
Dallas, TX 75201

Dear Regional Inspector General for Audit Hamilton,

We have reviewed the draft report, "Massachusetts Department of Elementary and Secondary Education's Administration of the Temporary Emergency Impact Aid for Displaced Students Program," Control Number ED-OIG/A19NY0012 draft report and appreciate the recommendations made by the US Department of Education Office of Inspector General OIG. Please refer to the responses to both findings below.

Finding 1:

DESE will work with the two Districts who received over one third of the total grant funds made to Massachusetts to resolve the issues noted in the report. DESE has established internal controls to verify data and monitor districts based on an annual risk assessment however the funding affected the prior fiscal year which is not conducive to the established procedures and controls of DESE. Specifically, because of this funding opportunity, districts were asked to review their prior submitted data to provide the names of displaced students enrolled in their districts. In the future any funding opportunities that occur after the fact, as this one did, we will establish alternative procedures to ensure that all students claimed are eligible.

With COVID and the closure of schools, scheduled monitoring of selected Districts was postponed to FY21. In FY21 monitoring resumed however due to the large amount of funding received by DESE due to COVID the scope of the reviews was realigned to focus on financial grant management, and internal controls due to the high risk potential and amount of funding Massachusetts has received from US ED due to COVID, approximately 2.5 billion dollars.

Finding2:

DESE will work with the Districts who received over one third of the total grant made to Massachusetts to resolve the issues noted in the report. Although DESE has established internal controls to verify data, monitor districts and provide training and guidance we will revisit these processes and make appropriate changes. The Impact Aid funding affected the prior fiscal year

FINAL REPORT

and due to the timing of funding, the data requirements established for the grant were not conducive to DESE established current data requirements and established system of controls in verifying the data. In addition, DESE had to work with the Department of Revenue, the state agency that maintains control over municipalities financial records to reopen closed financial records to properly account for the funds. Districts were asked to review their submitted data to provide the names of displaced students enrolled in their districts. We will revisit our procedures, establish alternative procedures and controls that are more conducive to funding opportunities that occur after the close of the fiscal year to ensure that all students claimed are eligible and all grant data requirements are met.

On-site monitoring of selected Districts was postponed to FY21 due to COVID and the closures of schools. DESE resumed the risk based fiscal monitoring in FY21. Our monitoring was focused on District financial management and internal control systems, and we provided technical assistance as necessary

Sincerely,



Director of Audit & Compliance,
Center for Administration and Finance
Massachusetts Department of Elementary and Secondary Education