



NEBRASKA DEPARTMENT OF EDUCATION

CARES Act / Elementary and Secondary School Emergency Relief Fund

The Nebraska Department of Education submits this report to the U.S. Department of Education as required under Part B of Nebraska's Certification and Agreement for funding under the Education Stabilization Fund Program Elementary and Secondary School Emergency Relief (ESSER) Fund.

SUMMARY OF DELIBERATIONS

The Coronavirus (COVID-19) pandemic has affected Nebraska schools, both public and non-public, since the first preventative closures began on March 7, 2020.

On March 13, President Donald Trump declared a National Emergency and Governor Ricketts declared a State Emergency in Nebraska due to the coronavirus pandemic.

On March 18, Matthew Blomstedt, Nebraska Commissioner of Education, recommended K-12 schools in Nebraska no longer have students in attendance centers and, on March 23, further recommended schools should not return to normal operations during the 2019-20 school year. The Nebraska Department of Education requested each public, private, denominational, and parochial school file a continuity of learning plan by April 3. These plans varied widely on the remote learning strategies used, with many limited by the digital divide.

On March 27, President Donald Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which included Education Stabilization Funds for Institutions of Higher Education, State and Local Education Agencies, and Governors. The coordination of CARES Act funding became key to providing local emergency relief funds to address the impact that Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary education services statewide.

Initial reviews of the CARES Act funding distributed through the Elementary and Secondary Relief Fund (ESSER), and other CARES Act programs provided an opportunity for the Nebraska Department of Education to prioritize resources and help align the Governor's Emergency Education Relief (GEER) funds to address the digital divide essential to improving education services and access to high quality digital learning opportunities, noting the specific needs and gaps that exist among schools (public and nonpublic), unserved, and underserved communities.

The Nebraska Department of Education submitted its Certification and Agreement and received the Grant Award Notification on May 22, 2020.

On July 14, Commissioner Blomstedt announced \$58.5 million, 90 percent of Nebraska ESSER Fund allocation, was available through application as subgrants for LEAs to prevent, prepare for, and respond to the coronavirus with LEAs providing equitable services to students and teachers in nonpublic schools, as required under the CARES Act.



**U.S. DEPARTMENT OF EDUCATION
BUDGET INFORMATION NON-CONSTRUCTION PROGRAMS**

OMB Control Number: 1894-0008
Expiration Date: 08/31/2020

Name of Institution/Organization

Nebraska Department Of Education (S425D200048)

Applicants requesting funding for only one year should complete the column under "Project Year 1." Applicants requesting funding for multi-year grants should complete all applicable columns. Please read all instructions before completing form.

SECTION A - BUDGET SUMMARY U.S. DEPARTMENT OF EDUCATION FUNDS

Budget Categories	Project Year 1 (a)	Project Year 2 (b)	Project Year 3 (c)	Project Year 4 (d)	Project Year 5 (e)	Total (f)
1. Personnel	\$201,763					
2. Fringe Benefits	\$123,661					
3. Travel	\$0.00					
4. Equipment	\$0.00					
5. Supplies	\$0.00					
6. Contractual	\$5,935,425					
7. Construction	\$0.00					
8. Other	\$0.00					
9. Total Direct Costs (lines 1-8)	\$6,260,849					
10. Indirect Costs *Enter Rate Applied <u>12.7%</u>	\$247,659					
11. Training Stipends	\$0.00					
12. Total Costs (lines 9-11)	\$6,508,508					

***Indirect Cost Information (To Be Completed by Your Business Office):**

If you are requesting reimbursement for indirect costs on line 10, please answer the following questions:

- (1) Do you have an Indirect Cost Rate Agreement approved by the Federal government? Yes No.
- (2) If yes, please provide the following information:
 Period Covered by the Indirect Cost Rate Agreement: From: 07 / 01 / 2020 To: 06 / 30 / 2023 (mm/dd/yyyy)
 Approving Federal agency: ED Other (please specify): _____ The Indirect Cost Rate is 12.7 %
- (3) If this is your first Federal grant, and you do not have an approved indirect cost rate agreement, are not a State, Local government or Indian Tribe, and are not funded under a training rate program or a restricted rate program, do you want to use the de minimis rate of 10% of MTDC? Yes No. If yes, you must comply with the requirements of 2 CFR § 200.414(f).
- (4) If you do not have an approved indirect cost rate agreement, do you want to use the temporary rate of 10% of budgeted salaries and wages? Yes No. If yes, you must submit a proposed indirect cost rate agreement within 90 days after the date your grant is awarded, as required by 34 CFR § 75.560.
- (5) For Restricted Rate Programs (check one) -- Are you using a restricted indirect cost rate that: Is included in your approved Indirect Cost Rate Agreement? Or Complies with 34 CFR 76.564(c)(2)? The Restricted Indirect Cost Rate is _____ %
- (6) For Training Rate Programs (check one) -- Are you using a rate that: Is based on the training rate of 8 percent of MTDC (See EDGAR § 75.562(c)(4))? Or Is included in your approved Indirect Cost Rate Agreement, because it is lower than the training rate of 8 percent of MTDC (See EDGAR § 75.562(c)(4)).

**ED FORM 524
SECTION C – BUDGET NARRATIVE**

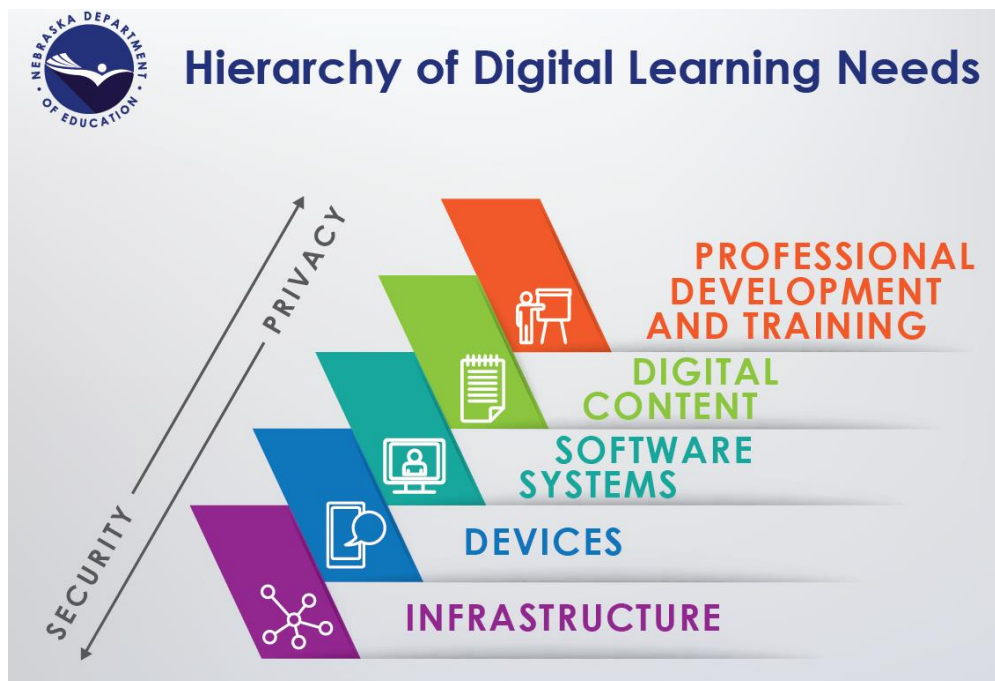
SUMMARY

The following are the planned major activities the Nebraska Department of Education will undertake with the 10% SEA reserve allowable under the ESSER grant program:

1. Salaries - \$201,763 Personnel
2. Benefits - \$123,661 Fringe Benefits

Total Personnel and Fringe Benefits = \$325,424

Priority areas identified by statewide survey and using the Digital Learning Hierarchy for planning and reporting.



3. Infrastructure (Broadband) – \$0 (GEER Resources)
4. Devices and Access – \$0 (GEER Resources)
5. Software and Services – \$3,535,780
6. High Quality Digital Content and Supports -- \$875,000
7. Professional Development and Training Supports -- \$1,457,245
8. Additional Priority Areas -- \$67,400

Total Contractual = \$5,935,425

9. Approved Unrestricted Indirect Cost Rate - \$247,659 Indirect Costs

Total Indirect Costs = \$247,659

Total Grant = \$6,508,508

MAJOR ACTIVITY DETAIL

1. Salaries (\$201,763). Salaries for network staff to support LEAs with COVID-related activities. Salaries are calculated based on the percentage of time expended by each position under this project.
2. Benefits (\$123,661). Fringe benefit rate is based on benefits such as Medicare, retirement, and health insurance.
3. Infrastructure (Broadband) – \$0 (GEER Resources)
The Nebraska Department of Education (NDE) will contract with vendors for support and delivery of Internet Broadband connectivity, systems capacity and supports using the GEER resources.
4. Devices and Access – \$0 (GEER Resources)
The NDE will contract with vendor(s) to procure, deploy and support digital devices for students and teachers impacted using the GEER resources.
5. Software and Services – \$3,535,780
The NDE will contract with vendors and resources to ensure access to systems, software and resources that support continuity of learning, access to digital resources, and supporting capacity and resources.
6. High Quality Digital Content and Supports -- \$875,000
The NDE will contract with vendor(s) for access to high quality digital content and related supports including access to open education resources and tools.
7. Professional Development and Training Supports -- \$1,457,245
The NDE will contract with a vendor(s) to ensure timely and important professional development for educators, administrators, and parents in areas of technology use, remote learning, social emotional supports, and other timely and important topics.
8. Additional Priority and Grant Management – \$67,400
The NDE will contract with a grant specialist vendor for development of the technology-based grant application and compliance system and to aid in the administration of sub recipient grant reimbursements.
9. Indirect Costs (\$247,659). Approved unrestricted indirect cost rate of 12.7% on state admin funds of \$325,424 (Personnel + Fringe Benefits), \$105,000 (First \$25,000 of each contractual agreement each year), and \$1,519,645 (Professional Services, 2 CFR 200 Part 459).

Additional Information: The Nebraska Department of Education is reserving 0.5% (\$325,424) of its state reserve for administrative costs. Currently, those cost include personnel and associated fringe benefits.

INTERNAL CONTROL PLAN

The Nebraska Department of Education’s purpose is to develop, implement and maintain meaningful grant administration and coordination for the State’s ESSER Fund; maximizing grant-related activities, limiting exposure to grant-related liability, and improving the efficiency and impact of the program and services funded through this grant.

In order to achieve this organizational plan, the Department’s framework applies control environments, risk assessment, control activities, information and communication, and monitoring.

MANAGEMENT STRUCTURE

The management structure for implementing and supporting the ESSER Fund grant includes a hierarchy of Administrators, Directors, and Specialists from the following Offices of the Nebraska Department of Education:

- Office of Federal Programs, providing programmatic technical, managerial, and monitoring support to schools and program personnel. Managing the federal funds allocated for use by non-public schools.
- Office of Budget & Grants Management, providing financial management, reporting, and compliance support to grant program personnel and schools in accordance with applicable laws and regulations through the Budget Management, Grants Management, and Grants Compliance Sections.
- Office of School Finance & Administrative Services, providing internal support for the financial activities, technical school finance assistance, and distributing flow through aid to school districts and other educational entities.

Current expertise within the department will be utilized to ensure the emergency relief funds awarded under the ESSER grant program are properly designed and implemented to address the greatest educational needs across the state. This includes ensuring that equitable services are provided to students and teachers in non-public schools as required under the CARES Act.

RISKS

The Nebraska Department of Education relies on internal controls critical to the success in grants management, illustrated by best practices to serve as a guide to prompt reflection, self-assessment, and improve outcomes, ensuring ESSER funds are expended for allowable purposes and in accordance with cash management principles and Uniform Guidance. The following lists potential internal and/or subrecipient risks associated with implementing this program:

1. Past performance
2. State revenue shortfall
3. Hiring freeze or layoffs
4. Impacts of COVID-19 and/or adjusting to
5. Competing priorities
6. Prior single-audit findings
7. Expanded risk and opportunities
 - a. Large State reservation

- b. LEA flexibility and allowable uses
- c. Other program allowability, such as ESEA, IDEA, and/or Perkins
- d. Provisions of equitable services
- e. Logistical challenges
- f. Updated policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal
- g. LEAs maintain appropriate records and correct cost documentation as required by 2 CFR § 200.302 – *Financial management* and 2 CFR § 200.333 - *Retention requirement of records*
- h. Time and Effort Logs for work performed as required by § 200.430 *Compensation - personal services*

INTERNAL CONTROLS

A Memorandum of Understanding is entered into by and between Department of Administrative Services and the Nebraska Department of Education ensuring the tools are in place to maintain a strong and effective system of internal controls and proper accounting methods are employed. Strategies for mitigating such risk and assist in the process of maintaining adequate internal controls, the department:

1. Maintains comprehensive standards, policies, and procedures (Administrative Memoranda):
 - a. Purchasing and Contracts
 - b. Travel and Expense
 - c. Equipment, Supplies, and Property
 - d. Finance
 - e. Employment
 - f. Legal
 - g. Data Management
 - h. Record Retention
2. Identified an Internal Control Coordinator
3. Implement and monitor the Agency’s internal control plan
4. Understand Federal and non-Federal requirements
5. Train agency staff on the internal control plan, the importance of and each employee’s part
6. Ensure proper risk assessment procedures are in place
7. Survey staff on the control environment report results
8. Use technology management systems for grants management and cash management for managing and administering subgrants, managing budget and finances, and keeping records and documentation.
9. Review procedures regarding distribution of information and communication related to processing and recording or financial data
10. Ensure that control procedures are appropriate through continuous review.

CASH MANAGEMENT

For cash management, the State Treasurer’s Office is authorized to prepare and execute the federal draw of grant funds on a reimbursement basis for the Nebraska Department of Education. Drawdowns are based on actual cash outlays required by the program and are made in a timely manner in compliance with the Cash Management Improvement Act.

The State utilizes Enterprise Resource Planning technology to expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. The system provides fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors sufficient to permit: preparation of reports required by the regulation authorizing the grant and tracking of funds.

With the funds not subgranted to LEAS and for proper and efficient administration of this Federal grant, the Nebraska Department of Education will reserve up to an amount equal to ½ of 1 percent of the total allocation for administrative costs, and the remaining funds may be used for emergency needs as determined by the department to address issues responding to COVID-19 through the use of grants or contracts consistent with the performance requirements of the ESSER Fund grant award and cost principles in 2 C.F.R. part 200, subpart E of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

A Business Unit and Object Code accounting structure within the Enterprise Resource Planning technology will identify the amount of funds used for this purpose and how the funds are consistent with allowable uses of funds under section 18002(c) of the CARES Act. A Business Unit is a separate entity such within a Fund to track costs and revenues; such as a grant. Objects are attached to business units, these are the "what" of a transaction, while the Business Unit is the "where" of a transaction.

When funds are awarded as a contract to an eligible entity, the Nebraska Department of Education will administer through the Department's Administrative Memorandum procurement process. When funds are awarded to LEAs, or education-related entities through subgrants, the Nebraska Department of Education will administer and carry out the requirements for a pass-through entity described in 2 C.F.R. § 200.331.

SUBRECIPIENT CONTROLS

Existing processes, controls, systems to track federal awards, cross-office communication, subrecipient monitoring and reporting will be utilized and updated to recognize the expanded risks and opportunities provided through the ESSER grant program.

The subrecipient internal controls include, but are not limit to:

1. Pre-Award Controls

- a. Grants Management System (GMS) – Tracks the level of subrecipient expenditures and establish all Federal grants funds, including programs authorized by the Elementary and Secondary Education Act and the Individuals with Disabilities Education Act have not been used in violation of the restrictions and prohibition of allowable uses. The grants management accounting system supports subrecipient: financial reporting, reimbursement requests, accounting records, internal controls, budget controls, allowable costs, source documentation, cash management, and assurances.
- b. Multi-level Programmatic Review – Each application is reviewed by a Federal Program Specialist and Supervisor to ensure provisions of the Federal grant award.
- c. Review of Program Budgets – Ensure expenditures are necessary, reasonable, allocable, authorized, adequately documented, and consistent with federal spending rules (supplement not supplant, limitation on carryover, comparability, maintenance of effort).

- d. Assurances – LEA applications under which federal aid is administered through the Nebraska Department of Education contains assurances meeting the requirements of Section 442 of the General Education Provisions Act (GEPA), 20 U.S.C. 1232e and Section 427 of GEPA, 20 U.S.C. 1228a. Assurances are in effect for the entire duration of the program, unless there are substantial changes in relevant federal or state law or other significant change in the circumstances affecting an assurance in that application.

2. **On-going Controls**

- a. Academic, Programmatic, and Fiscal Technical Assistance – The technical assistance infrastructure serves as a network of accountability and systems of support as the LEAs implement programs, standards, policies, and procedures; focusing on how LEAs can reduce barriers to meet the needs of economically disadvantaged students, students from major racial and ethnic groups, students with disabilities, english learners, homeless children and youth, and neglected and delinquent students.
 - i. Academic Technical Assistance – Provides toolkits, dedicated websites, online videos of best practices, student exemplars, and other resources to assist LEAs in setting academic priorities, target information and effective implementation of higher standards and better assessments through a focused set of Offices within the department: Accountability, Accreditation, & Program Approval, Coordinated School & District Support, Teaching, Learning, & Assessment, and Student Support and Services
 - ii. Programmatic Technical Assistance – Provides ongoing conferences, consultations, specific office hours, professional development (e.g. webinars, conference calls, and workshops), newsletters, sharing of U.S. Department of Education guidance, and website resources related to program implementation, data reporting, budgeting, allowable/timely uses of funds, grant applications through a network of Offices: Early Childhood Education, Career and Adult Education, Special Education, and ESEA Programs.
 - iii. Fiscal Technical Assistance - Provides regular technical assistance, training, and guidance to ensure that LEAs are following federal guidelines around the spending of funds and adherence to federal regulation, such as: internal controls, compliance best practices, Uniform Grants Guidance and EDGAR regulation, State laws, allowable use of funds, and document retention through the Office of School Finance and Administrative Services and the Office of Budget and Grants Management.
- b. Reimbursement Requests – A Grants Management Specialist of the Office of Budget & Grants Management will review all grant agreements for allowable and unallowable costs and any requirements or restrictions imposed by the grant to ensure compliance with the grant award. Funds are provided to subrecipients on a reimbursement basis and assures no violation of the Cash Management Improvement Act. The process is designed to ensure claims are consistent with the amount budgeted, not over allocated by object code, consistent with performance of the grant, and supported with proper documentation.

- c. Programmatic and Fiscal Monitoring – Provides a comprehensive program designed to measure the subrecipients implementation of federal programs, use of federal program funds, compliance with guidance requirements, grant performance and progress.
 - i. Programmatic Monitoring – Checklists and guidance are utilized for on-site visits and desk audit monitoring through the application and financial reporting approval processes to determine the level of technical assistance needed. Each District, ESU, and sub-recipient receiving funds from any of the ESEA/ESSA formula grants will be monitored at least once every three years with an on-site visit or desk-audit. Districts and sub-recipients with multiple programs may have their review spread over multiple years. Depending on the programs being reviewed, this may also include nonpublic school staff, multi-district project members, parents, and representatives of other agencies. Following the review, the District, ESU, or other sub-recipient will have 30 days to submit any documentation or evidence that was not available during the review as requested by the reviewer. The District will receive a written report within 90 days if additional evidence was submitted. If a review report includes a finding of non-compliance, a plan for correcting the issue is required within 60 days of receipt of the report and may involve a follow-up visit.
 - ii. Fiscal Monitoring - The Nebraska Department of Education monitors the activities of subrecipients to ensure subawards are used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward. Subrecipient monitoring activities include performing an annual risk assessment of subrecipients, reviewing single-audit reports, conducting desk/onsite reviews of selected subrecipients, and providing technical assistance and training to subrecipients. Grant Compliance Specialists perform annual subrecipient risk assessment evaluations to assess individual risk for each subrecipient. The risk assessment includes high, medium, and low risk levels assigned to each subrecipient.

3. **Post-Award Controls**

- a. Single-Audit Review - As part of the department’s subrecipient monitoring functions, specialists review single-audit reports for federal grant subrecipients that receive federal grants from the Nebraska Department of Education. A subgrantee must have a single-audit conducted by an independent auditor if it expends \$750,000 or more in federal grant funds in that fiscal year as required by 2 CFR 200.501(a). Subrecipients that are LEAs, such as school districts and ESUs, must submit the single-audit report to NDE with their annual financial and compliance reports (AFRs) and must also submit their AFRs to the Federal Audit Clearinghouse. Subrecipients that are not LEAs, such as nonprofit organizations, must also submit their single-audit reports to department. The Nebraska Department of Education is required by 2 CFR 200.331(d)(3) and 200.521(a) and (c) to issue a management decision for all findings in a subrecipient’s single-audit report that involve federal grants awarded by NDE. The management decision states whether the agency sustains or does not sustain each single-audit finding, the reason for doing so, and if applicable, the corrective action necessary.
- b. Risk-Based Monitoring and Risk Assessment - Risk is identified in subrecipients through a risk-based compliance assessment model which consists of indicators and graded rubrics using several metrics in line with federal compliance requirements of 2 C.F.R. § 200.331,

generally accepted accounting principles, and internal control best practices. The risk-based monitoring method is utilized on a perpetual basis and formulated annually for all subrecipients receiving funds from federal grant programs identified. Based on the assessments cumulative score, each entity will be classified into three levels of risk and utilized for risk-based fiscal monitoring and scheduling.

- c. Annual Financial Report – Each school district shall file with the Commissioner of Education an Annual Financial Report showing the amount of money received from all sources during the year, the amount of money expended by the school district during the year, the amount of bonded indebtedness, other information necessary to fulfill the requirements of Nebraska State Statute Tax Equity and Educational Opportunities Support Act and section 79-1114 R.R.S., (d) the information required by sections 79-1007.07 and 79-1007.09 R.R.S. School Finance Specialists a comprehensive review of the data, balances for each funds in relation to the annual independent audit report which may include a single audit if those requirement were met, and ensure no federal funds balances are in violation of federal cash management.

PRIMARY DOCUMENTATION

To ensure the existence of primary documentation necessary to support fiscal reviews, including audits and improper payment assessments by the department, a subrecipient is required to submit adequate documentation for every federal award reimbursement requested, be attached to the payment voucher, reviewed, and approved prior to award reimbursement. This includes but in not limited to: a copy of the signed contract for purchase orders, an invoice with performance dates and/or deliverables approved by project manager, copies of receipts, and general ledger detail as necessary.

A Grant Management Specialist will review and approve reimbursement requests based on the following criteria and scope of the reimbursement request, ensuring costs are allowable, allocable, and reasonable:

1. **Allocated Costs** – charged in proportion to benefits received, allowable under 2 CFR part 200.400 et al., and charged to non-program areas for the benefits they receive
2. **Authorized Expenditures** – in accordance with the fully executed grant agreement and within budgetary authority
3. **Vendors and Contractors** – in accordance with policies, procedures, and/or the agreement
4. **Allowable and Reasonable** – reimbursement requests are reviewed to verify they are in fact:
 - a. Necessary for the performance of the federal grant award
 - b. Reasonable for the goods or services provided
 - c. Allocable and charged in proportion to the benefit received
 - d. Legal under state law and regulations
 - e. Conform to federal law, award term and conditions, and period of the award
 - f. Treated the same as non-federal expenditures
 - g. Comply with Generally Accepted Accounting Principals
 - h. In compliance with and requirement or restriction imposed by the grant
 - i. Net of any credits
 - j. Appropriate supporting documentation such as: invoices, purchase orders, agreements
 - k. Personnel cost are identified per funding source

5. **Expenditure Coding** – references appropriate expenditure coding, acceptable ties to budget if a Final Financial Report (FFR), in-line with general ledger supporting documentation, and appropriate Business Unit for payment.
6. **Indirect Cost Allocation Rate** – reference the correct approved rate and allowability under 2 CFR Part 200 Subpart E.
7. **Computations for Accuracy** – with exceptions returned for correction.
8. **Supporting Documentation** – accounted for and attached prior to processing for payment.

ESSER is its own, separate, and flexible program intended to support COVID-19 response efforts. Guidance states that all grants be used “to prevent, prepare for, and respond to coronavirus.” The Nebraska Department of Education recognizes the expanded risk and opportunities associated with this Federal grant program and will require primary documentation from all subrecipients at the reimbursement request level prior to fiscal monitoring to be allowable.

For example, when paying staff to stay at home to prevent COVID-19, a reimbursement request must be supported by the following:

1. a policy and procedure to address unexpected or extraordinary circumstances,
2. support demonstrating the employee is in leave status,
3. support to show how the employee is necessary and reasonable for the performance of the Federal award, and thus allowable,
4. time and effort certification,
5. demonstrate how expenses were extra services not already budgeted with general or federal funds, and
6. provide general ledger detail reports.

Since the announcement of ESSER award program, the Budget Management, Grants Management and Grants Compliance Sections have meet weekly to review guidance, train staff, develop, and implement new internal controls, develop a budget, develop grant reimbursement and compliance protocol, policy, and procedures. Continuous information dissemination has occurred with the Office of ESEA Programs and the Office of School Finance and Administrative Services during this time. All Offices have provided ongoing guidance, training, and regular communication with LEAs as it relates to the ESSER grant program and their area of expertise. This network structure of technical assistance, serves as the primary support vehicle for staff and LEAs as all entities implement programs and standards.

The Grants Management System (GMS) subrecipient grant application budget and reimbursement request components have been updated to collect a subrecipient’s budget and pay reimbursements based on the twelve allowable uses of the ESSER grant program rather than the typical chart of accounts.

FISCAL MONITORING PLAN

The objective of a fiscal monitoring review is to determine whether a subrecipient of federal grant funds is complying with applicable federal statutes, regulations, and with grant requirements; including the uniform administrative requirements and cost principles for federal awards given in 2 C.F.R. § 200. The reviews focus on the financial management systems' internal controls developed and implemented by the subrecipient to demonstrate compliance with applicable requirements, including organizational operations, policies and procedures, financial reports, and record-keeping. The review also tests the allowability of expenditures charged to the federal grant, as well as compliance with federal program requirements.

The key components of support the compliance program ensures:

- Subrecipients are monitored during the term of the grant subaward;
- Monitoring efforts focus on the area of most significant risk;
- All monitoring findings are addressed through appropriate noncompliance corrective actions with federal compliance requirements of 2 C.F.R. § 200.338; and
- Ongoing financial and administrative training and technical assistance is provided to all subrecipients and independently as assessed to enable subrecipients to comply with grant subaward requirements and maintain their funding.

FIELD REVIEW (ON-SITE) & DESK REVIEW (OFFICE-BASED)

An on-site review and desk review are not meant to be considered an audit. Both reviews follow the same procedures outlined and involves one or more payments or grants, in which a fiscal monitor assesses the capability, performance, and compliance of subrecipient against applicable administrative regulations and grant requirements, and entails one or more Grants Compliance fiscal monitoring staff. A sampling of supporting documentation is reviewed to ensure costs are adequately documented, and to ensure the costs are reasonable, necessary, allocable and allowable under the program.

The Grants Compliance Section will conduct reviews of a selected portion of districts/ESUs each year. Conducting an on-site or desk review type of fiscal monitoring is determined in the Fiscal Monitoring and the Risk Assessment phase of the process, the discretion of the Grants Compliance Section Director, and the number of districts chosen is based on, but not limited to:

- sequential sampling,
- size of the award amount in the last three recent fiscal years
- risk-based assessment,
- risk categories and cycle methodologies,
- the labor resources (staff time) available to initiate and conduct timely monitoring reports,
- the size, complexity or high-risk nature of the districts to be reviewed,
- results of previous monitoring visits,
- unexpected or extraordinary circumstances that would prevent travel

The selected districts/ESUs will be asked to submit ledger accounting reports to verify the expenditures are reflected for the grant period. The fiscal monitor will randomly select and request support documentation for

entries in these accounting reports. Requested documentation may include items such as: employee time distribution records, employment contracts, copies of vouchers with invoices attached, property records, etc.

The fiscal monitor will check this documentation to verify that it is an appropriate and the allowable charge to the program. If irregularities are discovered on the sample audited, additional information may be requested.

FISCAL MONITORING PROTICOL

Before the Review

- Project Identification
- Preliminary Assessment

The Field/Desk Review

- Entrance Conference
- The Review
- Exit Conference

After the Review

- Monitoring Report (Exit Letter)
- Corrective Action Related to Federal Grants
- Resolution
- Technical Assistance

FISCAL MONITORING CYCLE

The Office of Budget & Grants Management through the Grants Compliance Section supports subrecipients of Federal grant awards through fiscal monitoring practices which targets accountability based on quality over quantity through sequential sampling monitoring, risk assessment categories, and field/desk review identified by the districts/ESU's identified risk-based needs. Annual technical assistance is provided to all districts and independently as needed. The fiscal monitoring cycle and schedule is determined/calculated annually in the following sequential order:

1. Sequential Sampling Monitoring
2. Risk Assessment (Monitoring Categories & Cycle)
3. Field or Desk Determination

Risk is mitigated by conducting fiscal monitoring reviews which targets accountability based on quantitative and then qualitative (sequential sampling, risk assessment categories, and field/desk determination) identified through subrecipient risk-based needs.

SEQUENTIAL SAMPLING MONITORING

Sequential sampling is a non-probability sampling technique that consists in picking a single or a group of subjects in a given time interval. This sampling method will ensure that the department monitors all districts, ESUs receiving funds from federal grant programs identified by internal controls are subject to fiscal monitoring efforts at any given point of time in a three (3) years cycle at a minimum.

RISK-BASED MONITORING & RISK ASSESSMENT

The risk-based monitoring method will be used on an on-going basis. The Grants Compliance Section will perform an annual risk assessment of all subrecipients receiving funds from federal grant programs identified by internal controls and have data available. A Subrecipient RISK Assessment form is completed annually. This score sheet consists of indicators and graded rubrics using several metrics in line with federal compliance requirements of 2 CFR 200.331, generally accepted accounting principle, and internal control best practices.

RISK CATEGORIES AND CYCLE

The data used to score subrecipients are based on programmatic and fiscal data and collected throughout the year. Based on the Subrecipient RISK Assessment cumulative score derived from all, each entity is classified in three different risk categories.

LOW RISK

Districts/ESUs falling into this category will be subject to the sequential monitoring schedule for a desk or field review every three (3) years as described above. Depending on the risk level posed by the non-compliance issue, the district/ESU might be on schedule for annual grant compliance training and technical assistance in the months following the annual risk assessment, or independently, if deemed necessary.

MEDIUM RISK

Districts/ESUs falling into this category may be subject to a desk or field review for the monitoring cycle being determined depending on the risk level posed by the noncompliance issue or until the Grant Compliance Section has determined that they meet all the criteria to be removed from this category. Or the determination, depending on the risk level posed by the noncompliance issue, to provide the district/ESU training and technical assistance in the area of noncompliance in the months following the annual risk assessment.

HIGH RISK

Districts/ESUs falling into this category will be subject to a desk or field review every year until the Grant Compliance Section has determined that the entity meets all the criteria to be removed from this category.

RISK CATEGORY CALCULATION & DETERMINATION

The Office of each Federal grant identified in the internal controls (and have data available) will be required to complete a risk assessment to determine a level of risk based on:

1. Entity's level of experience with grant program,
2. Previous audits and Single Audit accordance,
3. New personnel and/or changes systems,
4. Receive awards directly from a Federal awarding agency,
5. Previous allegations of misuse, misconduct, or violation of grant funds,
6. Previous grant audit issues or failure to comply with regulations,
7. Failed to comply with grant application, certifications, or revisions, and
8. Subrecipient files maintained electronic or hard copies and easily accessed.

Other factors that may be considered in the risk assessment process at the discretion of the Grants Compliance Fiscal Monitor, Grants Compliance Director, and/or the Administrator of the Office of Budget & Grants Management:

1. Failure to submit timely reimbursement requests
2. District identified for Improvement
3. Late application submission
4. Lack of alignment between actual expenditures and approved budgets
5. Failure to adhere to the terms and conditions of the awards
6. Excess carryover
7. Other risk factors that may become apparent

FIELD/DESK REVIEW DETERMINATION

The Grant Compliance Director will make final determination whether the districts/ESUs selected will be subject to a desk review or a field review. The factor used in making that determination shall be based on the size of the award amount in the last three recent fiscal years, as follow:

- Award amount \$750,000 or less: less likely to be subject to a field review
- Award amount \$750,000 - \$1,500,000: somewhat likely to be subject to a field review
- Award amount \$1,500,000 or more: most likely to be subject to a field review

Other factors which could impact the determination whether the districts/ESU selected bill be subject to a desk review or field review include, but are not limited to:

- Labor resources (staff time) available to initiate and conduct timely monitoring reports, and/or unexpected or extraordinary circumstances that would prevent travel.

Other categories which will automatically trigger a field review in the fiscal monitoring schedule, but is not limited to:

- If a grantee is classified as high risk in the annual risk assessment,
- If the grantee was under a Corrective action the prior fiscal monitoring cycle,
- If the grantee was under any of the Enforcement Action listed below.

CORRECTIVE ACTIONS

Corrective actions can be imposed by the Nebraska Department of Education when subrecipients of federal grants fail to comply with the terms and conditions of federal grant programs. The purpose of the corrective action is to ensure that the subrecipient corrects the noncompliant activity.

The Grants Compliance Section may identify a subrecipient as noncompliant because of findings in a:

- Single-audit,
- a federal monitoring review, or
- because of concerns identified through other means.

Types of noncompliance may include, but are not limited to, the following:

- Expenditure of funds or conducting activities that are not in accordance with the grant's authorizing statute, regulations, guidelines, or approved application.
- Failure to account for funds in accordance with financial management standards or with the Nebraska Department of Education Administrative Rules:
 - Title 92, Chapter 1: School Audit Procedures
 - Title 92, Chapter 2: Uniform System of Accounting

- Findings in a single audit conducted by an independent auditor.
- Failure to comply with:
 - Programmatic or fiscal reporting requirements
 - Previous required corrective actions, refund requests, or special conditions

The Grants Compliance Section may impose an enforcement action as part of a corrective action or for noncompliance with a previous corrective action. 2 CFR 200.338, authorizes the NDE to impose enforcement actions.

The Office of Legal Services may depending on issues detected review noncompliance prior to enforcement action being imposed.

To complete a corrective action, the subrecipient must demonstrate that it has corrected the activity that caused the noncompliance. The subrecipient must do this by providing specific documentation that supports the completion of the corrective action by the date specified.

MONITORING, RISK ASSESSMENT, & SCHEDULE REVISIONS

The Nebraska Department of Education will utilize its current and grant reimbursement, monitoring, risk assessment, and schedules for all federal grants, however revised and updated to reflect the expanded risks and opportunities associated with the ESSER grant program. Risk assessments will be reassessed highlighting the following criteria, inherently monitoring schedules adjust accordingly based on assessment outcomes. These updates will serve to recognize several important requirements related to the performance of the ESSER grant program:

- Grant application assurances
 - Subrecipients receiving federal funds will comply with all federal conditions of the program
 - State’s ability to access to records and financial statements
- All supporting documents required for reimbursement (such as policies, time and effort certification, and general ledger detail) will be requested at reimbursement prior to fiscal monitoring for all subrecipients.
- Documents will continue to be requested prior to monitoring review.
- Equitable services consultation forms are uploaded during the application process and reviewed prior to approval
- Policy and procedures to address unexpected or extraordinary circumstances.
- Support demonstrating the employee is in leave status,
- Support to show how the employee is necessary and reasonable for the performance of the Federal award.
- Demonstrate how expenses were extra services not already budgeted with general or federal funds.
- Updated and appropriate policies and procedures related to internal controls, procurement, and/or document retention due to COVOD-19 with acceptable statutory and regulatory requirements.
- Identify potential or existing risks and provide additional technical assistance when needed.
- Build a network of cross-office ESSER grant program best practices and resources for LEAs.