Monitoring Requirements for ESSER Funding

May 18, 2021

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The ESSER grants are providing a significant onetime influx of federal funding for school districts.

Due to the vast amount of funding within the ESSER I, II, and III grants, there most certainly will be scrutiny on the spending of these funds.

Anytime districts receive federal education funding there are federal requirements and monitoring to ensure compliance. There are a multitude of state and federal regulations that school districts must adhere to regarding the ESSER funding.

Purpose

The purpose of today's training is to discuss the plan to monitor district spending of ESSER funding and review some of the common monitoring requirements.

The NDDPI intends to contract with three to four retired educators to conduct ESSER desk monitoring, beginning in the 2021-2022 school year.

Listed below are the monitoring topics we will discuss in this presentation

- ESSER Spending Timelines
- General ESSER Spending
- Necessary & Reasonable Requirements
- Allowable Use of Funds
- Return to In-Person Plan
- Learning Loss

- Evidence-Based Interventions
- Audits
- Time & Effort
- Inventory Requirements
- Construction
- Tracking & Coding
- Internal Controls

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Dedicated Monitoring Site

The NDDPI is in the process of generating a dedicated space on the COVID funding website to share monitoring materials and resources.

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ESSER Spending Timelines

	Obligation Deadline	Liquidation Deadline
CARES ESSER I	9/30/2022	12/30/2022
CRRSA ESSER II	9/30/2023	12/30/2023
ARP ESSER III	9/30/2024	12/30/2024

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General ESSER Spending

- All ESSER spending is subject to:
  - [Education Department General Administrative Regulations (EDGAR)](#)
  - [Uniform Grant Guidance (UGG)](#)

- Districts are encouraged to participate in specific EDGAR and UGG trainings to become familiar with these regulations.

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Necessary and Reasonable Requirement

- All costs paid with federal grant funds, including ESSER, must be necessary and reasonable. 2 CFR 200.403 (a) & 200.404

- Factors of reasonable include:
  - Needed to carry out the grant program properly and efficiently,
  - Whether the LEA followed sound business practices,
  - The cost of good service, or activity being supported and whether the cost is consistent with market prices,
  - Whether the LEA acted prudently considering its responsibilities to the LEA, its students, the public and the federal government, and
  - Whether the LEA generally followed its internal practices and policies.

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Allowable Use of Funds

- All expenditures with ESSER dollars must be COVID-related and for the purpose of preventing, preparing, and responding to the pandemic.

  AND

- Fall into one of the following allowable categories located in Appendix B.

- All three ESSER grants can be used for the same activities.

- None of the ESSER grants include the supplement not supplant rule.

- The NDDPI will use its new grants management system, WebGrants, to monitor for allowability. Districts will need to submit their detailed ledger, invoices, and a summary report with each claim.

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Return to In-person Learning Plan

Requirement: The ARP Act requires school districts to develop an in-person instruction and continuity of services plan. The plan must be posted on the district website by June 24, 2021.

Monitoring: The NDDPI will be reviewing district websites to ensure the plan is posted to assure this requirement is met in our state ESSER III application.

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Learning Loss

<u>Requirement</u>: School districts must reserve not less than 20% of its total ARP ESSER III allocation to address learning loss through the implementation of evidence-based interventions. Districts need to use project code 112 to account for all learning loss expenditures.

<u>Monitoring</u>: School districts will be required to submit a copy of their accounting ledger documenting that 20% of the ESSER III allocation was spent to address learning loss.

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Evidence-Based Interventions

<u>Requirement</u>: Activities paid with the 80% of ESSER III funding <u>do not</u> have to meet the evidence-based requirement. However, activities coded to the 20% required learning loss set-aside <u>do</u> need to meet one of the four tiers of evidence-based interventions.

<u>Monitoring</u>:

- Desk Monitoring
  - ✓ School must reference or include supporting documentation, research articles, websites, etc., that support the practices utilized.

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Audits

Requirement: Federal audit requirements state that recipients that expend $750,000 or more of federal funds during the entity's fiscal year are responsible for obtaining a single audit or program-specific audit conducted for that year. The infusion of federal ESSER funding will cause many more districts to meet the audit threshold.

Monitoring:

- Desk Monitoring
  - ✓Copy of Audit Report

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Time & Effort

Requirement: The time and effort requirements outlined in GEPA and UGG do apply to ESSER funding. The federal law requires all employees, including teachers, paraprofessionals, and other staff who are paid with federal funds, to document the time and effort they spend within that program. The portion of the federally paid salary should be reflective of the time and effort the individual has put forth for that federal program.

Includes:

- Full-time and part-time employees;

- Federal stipends that are considered salary expenses;

- Substitute teachers (if employees), etc.

Monitoring:

- Desk Monitoring
    - ✓Copies of daily logs and time and effort certifications

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Inventory Requirements

Requirement: ALL COMPUTERS, TECHNOLOGY, AND FURNITURE purchased with federal ESSER funds must be tracked on an inventory, no matter the purchase price. All items must be kept on an inventory for five years.

An equipment inventory must document the following:

- Description of the equipment

- Serial number

- Acquisition date

- Acquisition cost

- Location of equipment

- Any disposition data (including date of disposal and sale price if applicable)

Monitoring:

- Desk monitoring
    - ✓ Copy of Inventory

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Construction

The USED confirmed ESSER funds can be used for construction and renovation costs when reasonable and necessary to prevent, prepare for, and respond to the COVID-19 pandemic.

Requirement: Recipients of federal funds must get prior written approval before spending funds on capital expenditures. (2 CFR §200.439(b)(i). Capital expenditures include the funds an entity spends to buy, maintain, or improve its fixed assets, such as buildings, vehicles, equipment or land.

Monitoring:

- Desk monitoring
    - ✓ Prior approved capital expense form
    - ✓ Review to ensure the following provisions were met:

        Procurement–2 CFR § 200.317.316

        Construction–34 CFR § 75.600.617

        Uniform Guidance–2 CFR § 200.310.316

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Tracking and Coding

Requirement: Districts must track these funds separately to report use of funds and expenses in the future. The following codes have been established with NDSDFARM.

- Project Expense Coding - 110 ESSER III

- Learning Loss Coding - 112 ESSER III

Monitoring:

- Desk monitoring
  - ✓Review of ledgers

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Internal Controls

Requirement: District has an effective internal control system, standards, and established practice.

Monitoring:

- Desk Monitoring
  - ✓Review of documents such as:
    - o Payroll distributed reports
    - o Invoices, receipts, purchase orders, sales orders
    - o Contracts/agreements; original and amended
    - o Applicable policies and procedures

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Building the Plane as We Fly

There was no manual provided at the onset of all this ESSER funding to guide us in exactly how the funds can be spent and to what degree districts will be monitored. This training undoubtedly will be the first of many to come.

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Questions

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