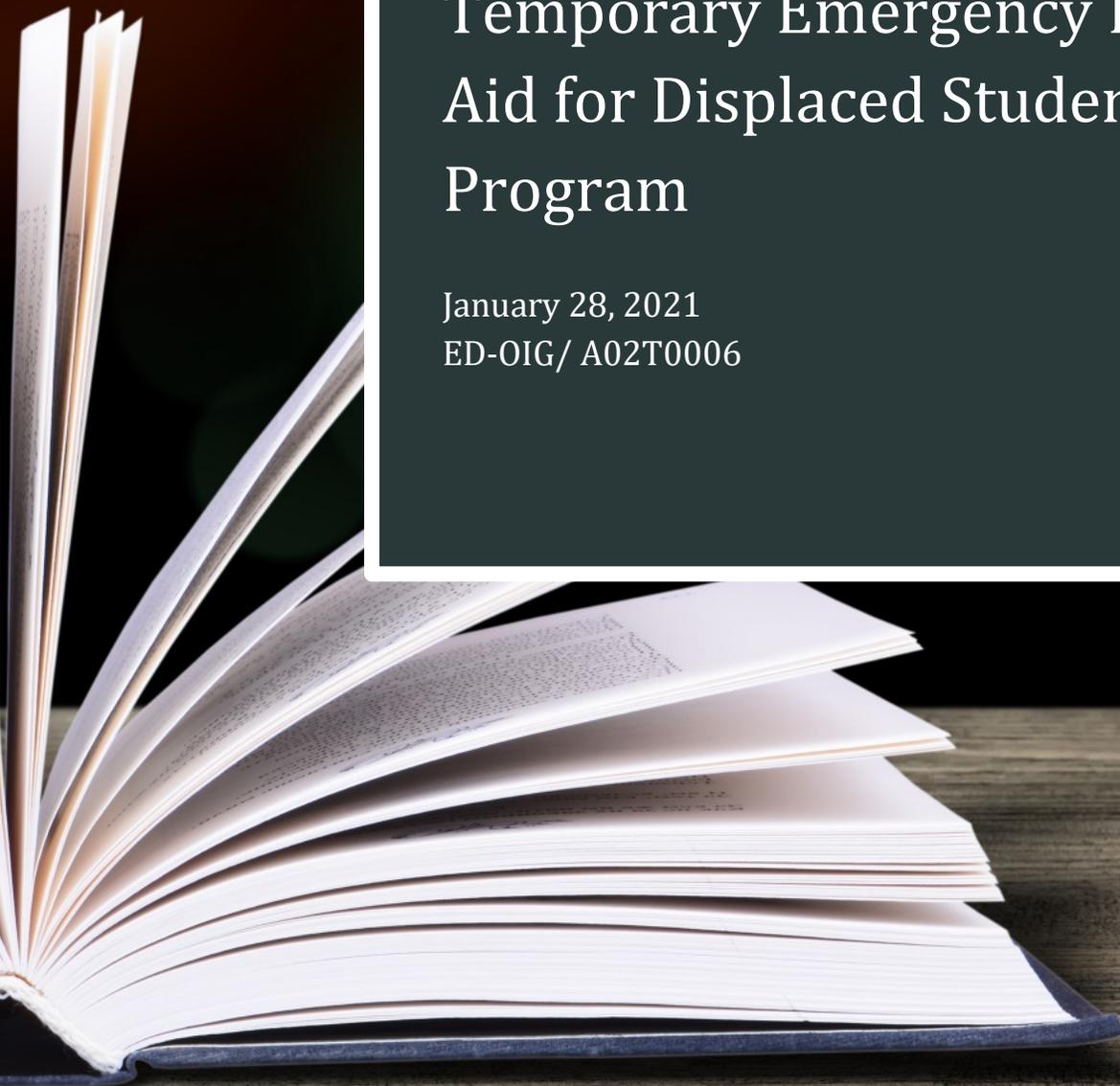




U.S. Department of Education
Office of Inspector General

Florida Department of Education's Administration of the Temporary Emergency Impact Aid for Displaced Students Program

January 28, 2021
ED-OIG/ A02T0006



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 28, 2021

Richard Corcoran
Commissioner
Florida Department of Education
325 West Gaines Street
Tallahassee, Florida 32399-0400

Dear Commissioner Corcoran:

Enclosed is our final audit report, "Florida Department of Education's Administration of the Temporary Emergency Impact Aid for Displaced Student Program," Control Number ED-OIG/ A02T0006. 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[s], 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
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
Acting Regional Inspector General for Audit

Enclosure

FINAL REPORT

Table of Contents

| | |
|--|----|
| Results in Brief | 1 |
| Introduction | 4 |
| Finding 1. Florida Did Not Ensure That Displaced Student Count Data Were Accurate and Complete and That LEA Allocations Were Appropriate..... | 9 |
| Finding 2. Florida Did Not Ensure LEAs Properly Accounted for Emergency Impact Aid Program Funds Received for Students with Disabilities | 18 |
| Other Matter 1. Florida Could Ensure that LEAs Follow its Guidance in Accounting for Emergency Impact Aid Program Funds..... | 23 |
| Other Matter 2. Florida and LEAs Held Excess Cash | 25 |
| Appendix A. Scope and Methodology..... | 27 |
| Appendix B. Acronyms and Abbreviations..... | 33 |
| Florida’s Comments | 34 |

Results in Brief

What We Did

The objectives of our audit were to determine whether the Florida Department of Education (Florida) established and implemented systems of internal control that ensured (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 used Emergency Impact Aid program funds in accordance with applicable Federal requirements. Our review covered Florida's internal controls for July 1, 2017 through June 30, 2019.¹

To accomplish our audit objectives, we assessed Florida's systems of internal control over displaced student count data, the allocation of funds to LEAs, and the LEAs' use of funds. We also judgmentally selected and reviewed 2 of 57 LEAs in Florida that were awarded Emergency Impact Aid program funds for school year 2017–2018: Hillsborough County Public School District (Hillsborough) and Orange County Public School District (Orange). These two LEAs were awarded about \$29.9 million of the \$99.9 million in Emergency Impact Aid program funds that Florida received. A third LEA, Collier County Public School District (Collier),² was selected but not reviewed.

What We Found

We determined that Florida's system of internal control over displaced student count data did not ensure that the data provided to the Department were accurate and complete because it did not always prevent or detect inaccurate displaced student counts LEAs reported. Florida could have provided specific guidance earlier or training to LEAs, and the reasonableness check it performed on displaced student count data was inadequate to prevent or detect potential errors in the data.

¹ The audit period included school year 2018–2019 because States and LEAs were required to obligate funds received under this program by December 31, 2018 and liquidate funds within 90 days of this date. However, the funds were required to be expended for expenses incurred for school year 2017–2018.

² We did not review the third LEA because Collier's independent public accountant found that the LEA's displaced student count was incorrect. Therefore, we met with its independent public accountants to determine what steps the independent public accountants completed to identify the incorrect displaced student counts.

Florida's system of internal control over displaced student count data did not prevent or detect the types of errors that we found during our audit. Florida's internal controls neither prevented LEAs from submitting inaccurate and incomplete displaced student count data nor resulted in Florida detecting errors in the data before it applied for Emergency Impact Aid program funds from the Department. Florida monitored eight LEAs through desk reviews; while Florida obtained student-level data during its reviews, it did not review documentation to verify that the students were displaced. As a result, Florida did not report accurate or complete displaced student count data to the Department for school year 2017–2018, and its Emergency Impact Aid program grant allocations to the LEAs that we reviewed were incorrect. We estimate that Florida allocated to the two LEAs we reviewed (Hillsborough and Orange) \$2.38 million³ in Emergency Impact Aid program funds that Florida and its LEAs should not have received.

We determined that Florida's system of internal control over LEAs' use of Emergency Impact Aid program funds 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. Hillsborough and Orange 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. As a result, the unsupported costs for these two LEAs totaled \$5.13 million.

What We Recommend

We made several recommendations to improve Florida's internal controls over displaced student data counts and accounting for Emergency Impact Aid expenditures. Specifically, we recommended Florida (1) develop and implement procedures to ensure it collects accurate and complete data on displaced students and (2) modify policies and procedures related to oversight and monitoring of the Emergency Impact Aid program to ensure verification of displaced student counts. We also recommended the return of over \$2.38 million in Emergency Impact Aid program funds received based on unsupported displaced student count data and \$110,500 in Emergency Impact Aid program funds received based on unallowed prekindergarten displaced students. Finally, we recommended Florida provide support showing that Hillsborough and Orange properly accounted for Emergency Impact Aid for students reported as students with disabilities or return \$5.13 million to the Department.

³ Of this amount, Florida should return \$1.17 million of the State percentage it retained.

Florida's Comments

In its response, Florida was unclear on whether it disagreed with Finding 1 in its entirety; however, Florida proposed corrective actions to address the recommendations. Specifically, for Finding 1, Florida disagreed that it had not provided accurate instructions to the LEAs or performed effective monitoring of displaced student counts. Florida disagreed with our recommendations; however, it stated that it would improve its process to provide additional information to assist LEAs in the identification and documentation of displaced students; review policies and procedures to identify improvements in the verification of displaced student counts; work with Hillsborough and Orange to identify support for displaced student counts; and work with Orange to determine the number of unsupported prekindergarten students included in the LEA's application and request the return of related unsupported grant funds. For Finding 2, Florida disagreed that it failed to ensure LEAs properly accounted for Emergency Impact Aid program funds received for students with disabilities. Specifically, Florida stated that Hillsborough and Orange recorded and tracked the Emergency Impact Aid program funds for students with disabilities separately. However, Florida agreed to notify LEAs of award amounts by student type, separately track these funds for deposit into the LEAs' general funds, and provide LEA amounts exclusive of the State's proportionate share.

OIG Response

Florida did not provide evidence that it effectively monitored LEAs, provided training, and made allocations based on accurate displaced student counts, or that LEAs accounted for funds received for students with disabilities in accordance with Federal requirements. Therefore, we did not significantly revise the findings and recommendations based on Florida's comments. We did, however, make some clarifying changes to the background regarding the offices responsible for administering the Emergency Impact Aid program and the relevance of the Florida Education Finance Program in the allocation of Emergency Impact Aid program funds.

We summarize Florida's comments at the end of each finding and include the full text of the comments at the end of this report.

Introduction

Background

On December 30, 2005, the Hurricane Education Recovery Act (HERA) authorized three grant programs⁴ 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 Emergency Impact Aid program, authorized under section 107 of the HERA, was designed to provide funds to LEAs 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: 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 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.

On April 25, 2018, a Federal Register Notice⁵ 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

⁴ The HERA authorized the Emergency Impact Aid program, Immediate Aid to Restart School Operations program, and the Assistance for Homeless Youth program.

⁵ Federal Register Notice, Volume 83, No. 80.

agencies (SEA) and a May 25, 2018, deadline for SEAs to submit applications to the Department. On May 24, 2018, a Federal Register Notice⁶ 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.⁷

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, as a result 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 requirements and other Federal requirements, including reporting requirements.⁸ 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

⁶ Federal Register Notice, Volume 83, No. 101.

⁷ 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.

⁸ 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.

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 who was reported as a child with a disability, \$2,250 per displaced student who was an English language learner and 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 English language learner.⁹ 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 Florida \$95,811,000 in Emergency Impact Aid program funds, which was amended to \$99,891,500 on December 3, 2018. This was the second largest amount awarded to any State and about 23 percent of the total amount of Emergency Impact Aid program funds awarded. As of April 23, 2020, Florida had drawn down \$99,582,629 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.

Florida’s Administration of the Emergency Impact Aid Program

Florida’s Division of Finance and Operations administered the Emergency Impact Aid program. According to Florida officials, the Division of Finance and Operations had the advanced calculation experience needed to collect the information from the LEAs to report it to the Department. The Division of Finance and Operations used prior 2005 HERA memorandums as a reference in providing guidance to and monitoring of the LEAs.

⁹ 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.”

Florida’s LEA Application Process

Florida required each LEA to submit an application with its displaced student count data by May 15, 2018. Since the Department granted SEAs an extension, Florida also allowed LEAs to submit amended displaced student count data by October 1, 2018. LEAs were instructed to provide the number of students within their geographic boundaries who were displaced in each quarter of school year 2017–2018, for the following categories:

- displaced students with disabilities who are not identified as English language learners,
- displaced students identified as English language learners who are not students with disabilities, and
- all other displaced students not identified as English language learners or students with disabilities.

Florida specified that each LEA use the following quarterly reporting dates in their application: October 6, 2017; December 8, 2017; February 9, 2018; and April 6, 2018.

Florida used the displaced student counts that the LEAs provided in their applications to report displaced student counts to the Department. Florida also used the displaced student counts to calculate the amount of Emergency Impact Aid program funds the LEAs were awarded. On August 31, 2018, LEAs were informed of their Emergency Impact Aid program awards based on the displaced student counts reported in their initial applications. On February 19, 2019, Florida awarded additional Emergency Impact Aid program funds to LEAs that amended their displaced student counts.

Florida’s Emergency Impact Aid Program LEA Allocation Process

Florida provides a certain percentage of funding to each LEA, known as the State Percentage of Total Revenue. Florida determined the allocations of Emergency Impact Aid program funds to the LEAs along with the portion of Emergency Impact Aid program funds the State would retain using the State Percentage of Total Revenue for school year 2016–2017. This resulted in Florida disbursing over \$48.3 million in Emergency Impact Aid program funds to LEAs and retaining \$50.3 million for the State. Table 1 further illustrates the allocation of Emergency Impact Aid program funds for the three LEAs we initially selected for review.

Table 1. Emergency Impact Aid Program Funds Awarded to Selected LEAs

| LEA | Emergency Impact Aid Program Funds Awarded | State Percentage of Revenue ^a | State Retained Portion | Nonpublic School Award ^b | Emergency Impact Aid Program Funds Received by Selected LEA after State Percentage |
|--------------|--|--|------------------------|-------------------------------------|--|
| Orange | \$22,569,125 | 46.73 | (\$10,546,484) | \$107,000 | \$12,129,641 |
| Hillsborough | \$7,310,500 | 58.66 | (\$4,288,132) | \$116,250 | \$3,318,618 |
| Collier | \$3,838,375 | 19.31 | (\$741,285) | \$46,500 | \$3,143,849 |
| Total | \$33,718,000 | - | (\$15,575,901) | \$269,750 | \$18,592,108 |

^a Florida retained a proportionate share of each school districts' Emergency Impact Aid award.

^b Florida did not retain a proportionate share from the nonpublic school award.

Selected LEAs

Florida awarded Emergency Impact Aid program funds to 57 LEAs, with Orange receiving the largest amount. The three LEAs (Orange, Hillsborough, and Collier)¹⁰ that we selected for review were awarded a total of \$33.7 million from the Emergency Impact Aid program, based on their reported displaced student counts by category. Table 2 further illustrates the student counts for three categories of displaced students for the three LEAs we initially selected for review.

Table 2. Emergency Impact aid Program Funds with Displaced Counts by Displaced Category

| LEA | Emergency Impact Aid Program Funds Awarded | Students with Disabilities | English Language Learner Students | Other Students | Total Students |
|--------------|--|----------------------------|-----------------------------------|----------------|----------------|
| Orange | \$22,569,125 | 1,555 | 6,007 | 2,431 | 9,993 |
| Hillsborough | \$7,310,500 | 812 | 497 | 1,930 | 3,239 |
| Collier | \$3,838,375 | 436 | 329 | 945 | 1,710 |
| Total | \$33,718,000 | - | - | - | - |

¹⁰ Collier was the third LEA selected. However, we did not conduct an on-site review at Collier.

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

Florida's system of internal control over displaced student count data did not prevent or detect inaccurate displaced student counts that LEAs reported. Specifically, Florida did not provide timely guidance or training on reporting displaced student count data and used a reasonableness check that, as designed, did not provide assurance that reported data were accurate and complete. Florida's Division of Finance and Operations administered the Emergency Impact aid program, including the monitoring of eight LEAs that received Emergency Impact Aid program funds. For fiscal year 2019 and beyond, Florida plans to rely on single audits as part of its oversight process.

Overall, Florida's system of internal control over displaced student count data did not prevent or detect the types of errors that we found during our audit. As a result, Florida did not report accurate or complete displaced student count data to the Department for school year 2017–2018, and its Emergency Impact Aid program grant allocations to the LEAs that we reviewed were incorrect. We estimate that Florida allocated, to the two LEAs we reviewed, at least \$2.38 million¹¹ in Emergency Impact Aid program funds that Florida and its LEAs should not have received. This includes \$1.17 million that the State retained using the calculated State Percentage of Total Revenue. Florida also incorrectly allocated \$110,500 in Emergency Impact Aid program funds to Orange for ineligible prekindergarten students.

Florida Could Have Provided Specific Guidance to LEAs Earlier in the Process

We found that Florida could have provided specific guidance to LEAs to maintain adequate, auditable written records earlier in the process as required by the Code of Federal Regulations (C.F.R.). Specifically, 2 C.F.R. § 200.333 states that financial records, supporting documents, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years. In a memorandum dated May 7, 2018, Florida provided instructions to the LEAs on applying for Emergency Impact Aid program funding and defined displaced students as those who were displaced by Hurricanes Harvey, Irma, or Maria, or the 2017 California wildfires, and who were enrolled in Florida public or nonpublic schools on the quarterly count dates

¹¹ We are 90 percent confident that the amount unsupported for Orange is approximately \$1,862,000 and the amount unsupported for Hillsborough is approximately \$519,000.

(October 6, 2017; December 8, 2017; February 9, 2018; and April 6, 2018). Students were also eligible if they moved to a different school within the same school district or to a school in another Florida school district as a direct result of one of these events. However, Florida did not notify the LEAs at this time that they were required to maintain adequate, auditable written records to support the amount of funds that were received under the Emergency Impact Aid program. Florida did not provide guidance informing LEAs to maintain adequate, auditable written records until it notified them of their awards on August 31, 2018, more than 3 months after its initial memorandum and at which point all displaced student counts had already been received and reported to the Department. Further, the Department issued Emergency Impact Aid program FAQs in June 2018, but Florida did not provide this guidance to the LEAs until August 31, 2018.

Florida Did Not Provide Training to LEAs

We found that Florida did not provide any training to the LEAs on how to identify and report Emergency Impact Aid program displaced students who were eligible under the Emergency Impact Aid program. In Florida's memorandum dated September 24, 2018, Florida stated that several school districts had errors related to the quarterly student counts. Specifically, of the LEAs we visited, Orange did not filter out ineligible disasters that would make the student ineligible to be counted as a displaced student, whereas Hillsborough stated they were counting students up to the quarterly date (not just the students who were enrolled on the quarterly date) and also only counted displaced students who enrolled during the quarter (not taking into consideration the students who were enrolled in subsequent quarters). Had Florida provided training, it could have mitigated some of the LEAs' issues regarding the Emergency Impact Aid program requirements.

Florida's Reasonableness Check Was Inadequate

Florida's reasonableness check was not adequate to prevent inaccurate or incomplete displaced student counts from being reported to the Department. Florida officials stated that they performed a reasonableness check of the displaced student count by comparing data from the full-time equivalent (FTE) survey, which collects data on student enrollment, student course information, and students with disabilities, to the displaced student quarterly count data the LEAs submitted. Florida stated that it was difficult to align the two, because the FTE survey dates, and the LEAs' displaced student quarterly dates were different. The FTE survey dates were October, February, June, and July. The LEAs' displaced student quarterly dates were October, December, February, and April. While the two counts have some date similarities, the FTE count did not differentiate between students who were displaced and other students entering or leaving the LEA. Also, Florida's officials did not provide any documentation to confirm reasonableness checks were done.

Florida’s Deputy Commissioner of the Division of Finance and Operations stated the short time frame in which Florida had to collect and report displaced student data to the Department was an impediment for Florida. Further, the Deputy Commissioner felt the Emergency Impact Aid grant deadlines were unreasonable, and that this unreasonably short time frame potentially contributed to misreporting the displaced student counts.

Florida submitted displaced student count data to the Department within 3 weeks of receiving the data from the LEAs in June 2018. Florida should have reviewed LEA displaced student count data before it drew down Emergency Impact Aid program funds and provided the funds to LEAs from September through March, which was 3 to 9 months later. Specifically, if Florida had compared reported data to other sources, it could have identified inaccuracies for some LEAs.

Florida’s Monitoring Reviews Did Not Include the Review of Displaced Student Eligibility Data

Florida’s monitoring process failed to detect inaccurate displaced student counts reported by LEAs. Florida’s monitoring of displaced student count data received from LEAs consisted of desk reviews conducted by its Division of Finance and Operations. In June 2019, Florida began its desk reviews of records and distribution of funds related to displaced students for eight LEAs, including Orange and Hillsborough. While Florida received student-level data during its monitoring, such as registration forms with the student’s address within the disaster area or transcripts from the student’s former school, it only used this documentation to confirm attendance and validate the total counts of displaced students. Florida did not review the documentation to verify that the students met the definition of a displaced student. As a result, Florida did not find the types of errors with the displaced student counts that we found.

We found that Hillsborough’s and Orange’s displaced student counts were not accurate. Hillsborough and Orange did not correctly identify displaced students, which included improperly reporting students from countries outside of the U.S. and its territories as displaced students. Orange also included students from disasters that were not eligible under the Emergency Impact Aid program. Both of these categories are listed in the table below under “Student Did Not Transfer from a Disaster Area” column. In total, we found that the two LEAs inaccurately reported 44 of the 326 displaced students whose documentation we reviewed (see Table 3).

Table 3. Summary of Reasons Reported Student Counts Were Incorrect

| LEA | Total Student Counts Reviewed at LEA | Student Did Not Change Schools | No Documents Provided to Confirm Student was Displaced | Student Did Not Transfer from a Disaster Area | Total Student Counts at LEA That Were Incorrect |
|--------------|--------------------------------------|--------------------------------|--|---|---|
| Hillsborough | 155 | 1 | 10 | 6 | 17 |
| Orange | 171 | 3 | 12 | 12 | 27 |
| Total | 326 | 4 | 22 | 18 | 44 |

Florida’s Reliance on LEA Single Audits Can Be a Helpful Practice

According to Florida’s Assistant Deputy Commissioner for the Division of Finance and Operations, as part of its efforts to detect issues with the Emergency Impact Aid program, Florida relied on single audits. Using the work of external auditors can be a helpful practice for SEAs whose resources may be limited. While the Office of Management and Budget’s Compliance Supplement in effect at the time of our audit did not require specific audit steps for the Emergency Impact Aid program, such as verifying the reliability of displaced student count data provided to the Department, the Office of Management and Budget’s current Compliance Supplement (issued in June 2019) includes testing procedures for the accuracy of student counts for the Emergency Impact Aid program.

We found that the independent public accountant (IPA) for Collier successfully implemented steps to verify whether displaced student counts were accurate even though they were not required to do so according to the Compliance Supplement in effect at that time. Collier’s IPA decided to test all the students reported as displaced to determine if the students met the definition of a displaced student. Collier’s IPA found that Collier incorrectly reported 1,414 students as displaced students, which resulted in Collier returning over \$2.5 million in Emergency Impact Aid program funds to Florida on December 6, 2019 and Florida returning its portion (\$613,243) to the Department on March 5, 2020.

Federal Requirements Regarding Internal Controls and Monitoring of Federal Awards

The U.S. Government Accountability Office’s “Standards for Internal Control in the Federal Government” states that management should design an information system to respond to the entity’s objectives and risks related to the accuracy and completeness of the information processed. Further, this document states that management should

establish and operate monitoring activities and should timely remediate identified internal control deficiencies.

According to 2 C.F.R. § 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 the terms and conditions of Federal awards.

In addition, 2 C.F.R. § 200.331(d) states that “All pass-through entities must ... [m]onitor the activities of the subrecipient as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub-award; and that sub-award performance goals are achieved.”

Finally, 2 C.F.R. § 200.333 states that “financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report.”

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

We performed testing of displaced student count data reported by two LEAs to determine whether the LEAs had adequate documentation to support that their reported displaced students were (1) accurately identified, based on the Federal definition of a displaced student under the Emergency Impact Aid program; (2) accounted for in the appropriate reporting quarters; and (3) classified to ensure that they were accurately reported as a student with a disability, an English language learner student, or other student. For Orange, we also tested reported displaced students whose identifiers indicated that the student did not come from areas of a covered disaster or emergency or moved due to earthquakes. In total, we tested a sample of 155 students for Hillsborough and 171 students for Orange (see Tables 4 and 5). As a result of reporting inaccurate displaced student count data to the Department for school year 2017–2018, we estimate Florida awarded the two LEAs that we reviewed at least \$2.38 million¹² in Emergency Impact Aid program funds that it should not have. Based on the displaced student count discrepancies, Florida’s allocations to the LEAs we reviewed were incorrect.

¹² We are 90 percent confident that the amount unsupported for Orange is approximately \$1,862,000 and the amount unsupported for Hillsborough is approximately \$519,000.

Results of Student Sample Testing at Hillsborough

As shown in Table 4, of the 155 students who we sampled for Hillsborough, 17 students should not have been considered displaced in the quarter we tested. As a result, we estimate that Hillsborough did not have support for 10.7 percent of students¹³ reported as displaced. Consequently, we recommend the return of over \$519,000 in Emergency Impact Aid program funds¹⁴ that were allocated for unsupported students in the three displaced categories.

Table 4. Results of Student Sample Testing at Hillsborough

| Displaced Category | Displaced Students (Total Student Quarters) | Sample Size | Students Incorrectly Counted as Displaced in Tested Quarter | Percent of Students in Sample Incorrectly Counted as Displaced |
|-----------------------------------|---|-------------|---|--|
| Other Students | 809 | 50 | 8 | 16% |
| Students with Disabilities | 497 | 50 | 4 | 8% |
| English Language Learner Students | 1,929 | 55 | 5 | 9% |
| Total | 3,235 | 155 | 17 | 11% |

Results of Student Sample Testing at Orange

As shown in Table 5, of the 171 students who we sampled for Orange, we identified 27 students who should not have been considered displaced in the quarter we tested. As a result, we estimate that Orange did not have support for 11.6 percent of students¹⁵ reported as displaced. Consequently, we recommend the return of over \$1.86 million in

¹³ We are 90 percent confident that the percent of students reported as displaced for whom Hillsborough did not have support ranged between 6.2 and 15.1 percent.

¹⁴ We are 90 percent confident that the amount is approximately \$519,000.

¹⁵ We are 90 percent confident that the percent of students reported as displaced for whom Orange did not have support ranged between 7.7 and 15.6 percent.

Emergency Impact Aid program funds¹⁶ that were allocated for unsupported students in the three displaced categories and the “Other Disasters” category.

Table 5. Results of Student Sample Testing at Orange

| Displaced Category | Displaced Students (Total Student Quarters) | Sample Size | Students Incorrectly Counted as Displaced in Tested Quarter | Percentage of Students in Sample Incorrectly Counted as Displaced |
|-----------------------------------|---|-------------|---|---|
| Other Students | 2,312 | 50 | 13 | 26% |
| Students with Disabilities | 1,528 | 50 | 3 | 6% |
| English Language Learner Students | 5,855 | 55 | 3 | 5% |
| Other Disasters ¹⁷ | 298 | 16 | 8 | 50% |
| Total | 9,993 | 171 | 27 | 16% |

We also found that Orange incorrectly included prekindergarten students in its displaced student count. According to Florida State Statute 1000.01, Florida’s K–20 education system shall include the uniform system of free public kindergarten through 12th grade (K–12) schools. These public K–12 schools shall provide 13 consecutive years of instruction, beginning with kindergarten, and shall also provide such instruction for students with disabilities, gifted students, limited English proficient students, and students in the Department of Juvenile Justice programs as may be required by law. Orange included prekindergarten students who were not students with disabilities or English language learner students in their displaced student counts. Orange received Emergency Impact Aid program funds for 52 prekindergarten students incorrectly reported as displaced. As a result, we recommend the return of \$110,500 in Emergency Impact Aid program funds for prekindergarten students. Question A-4 of the Department’s 2018 FAQ for the Emergency Impact Aid program states that preschool students in non-profit, publicly funded preschool programs may only be included in the displaced student counts if preschool education is included as a part of elementary

¹⁶ We are 90 percent confident that the amount is approximately \$1,862,000.

¹⁷ After reviewing the supporting documents, we determined that some students were incorrectly identified as coming from other disasters.

education by State law. If State law defines elementary education as beginning with kindergarten, preschool students may not be included in the displaced student counts.¹⁸

Recommendations:

We recommend that the Official Delegated the Duties of the Assistant Secretary for the Office of Elementary and Secondary Education require Florida to—

- 1.1 Develop and implement procedures to ensure it collects accurate and complete data on displaced students that can be used for Federal reporting requirements related to the Emergency Impact Aid program.
- 1.2 Modify policies and procedures related to oversight and monitoring of the Emergency Impact Aid program to ensure verification of displaced student counts in accordance with Federal requirements.
- 1.3 Provide support for the unsupported student data counts at Hillsborough and Orange or return \$2,380,691 in Emergency Impact Aid program funds received based on unsupported displaced student count data.
- 1.4 Return \$110,500 in Emergency Impact Aid program funds Orange received based on unsupported prekindergarten displaced student count data and determine whether other Florida LEAs that received Emergency Impact Aid program funds misreported prekindergarten students as displaced and return those funds.

Florida's Comments

Florida provided comments on what it believed to be inaccurate or inconsistent statements within the background section of the report, particularly regarding the offices responsible for administering the Emergency Impact Aid program and the relevance of the Florida Education Finance Program in the allocation of Emergency Impact Aid program funds.

In its response, Florida was unclear on whether it disagreed with Finding 1 in its entirety. However, Florida disagreed with Recommendations 1.1 and 1.2 and neither agreed nor disagreed with Recommendations 1.3 and 1.4. Florida provided corrective actions to

¹⁸ The December 2019 FAQ included revised guidance for Question A-4. According to the revised guidance, preschool students may be included in the displaced student counts if preschool education is included as a part of elementary education by an LEA applying for Emergency Impact Aid program funding. In addition, as determined by the LEA, a publicly funded preschool program that enrolls children below the age of kindergarten and is part of an elementary school may receive services or assistance under this program, provided they have need due to the impacts of a covered disaster.

address all the recommendations. Specifically, Florida disagreed that it provided inaccurate instructions to the LEAs and ineffective monitoring of displaced student counts. Florida stated they provided accurate and complete instructions to LEAs for the reporting of displaced students with its memorandums of May 7, 2018, and August 31, 2018. Florida used the application templates provided by the Department, which included the definition of a displaced student and provided the FAQ with its August 31, 2018, memorandum. However, Florida stated it would improve its process to provide additional information to assist LEAs in the identification and documentation of displaced students; review policies and procedures to identify improvements in the verification of displaced student counts; work with Hillsborough and Orange to identify support for displaced student counts; and work with Orange to determine the number of unsupported prekindergarten students included in the LEA's application and request the return of related unsupported grant funds. In addition, Florida will work with the other LEAs to determine whether ineligible prekindergarten students were counted as displaced students and request the return of related funds.

OIG Response

In response to Florida's comments and based on available supporting documentation, we made some clarifying changes to the background section of the report regarding the offices responsible for administering the Emergency Impact Aid program and the relevance of the Florida Education Finance Program in the allocation of Emergency Impact Aid program funds.

Florida did not include evidence that supported its disagreement with the recommendations. Specifically, Florida did not provide evidence that it effectively monitored LEAs, provided training, and made allocations based on accurate displaced student counts. Florida could have issued guidance to the LEAs to maintain auditable records earlier in the process because it is required by the C.F.R. If Florida would have issued specific guidance earlier describing what auditable records the LEAs should maintain, such as, registration forms with the student's address within the disaster area, or transcripts from the student's former school, the LEAs would have been able to prevent some of the inaccurate displaced student counts that were reported. Florida did, however, propose corrective actions that, if properly implemented, could address our recommendations. As a result of Florida's response, we made minor revisions to the finding but did not change the recommendations.

Finding 2. Florida Did Not Ensure LEAs Properly Accounted for Emergency Impact Aid Program Funds Received for Students with Disabilities

Florida's system of internal control over LEAs' use of Emergency Impact Aid program funds did not ensure that LEAs properly accounted for Emergency Impact Aid program funds received for students reported as children with disabilities. Specifically, the two LEAs we visited did not record and 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, as specified in the Department's FAQs. The Department included this requirement to ensure that recipients used these funds only to pay for special education and related services consistent with the Individuals with Disabilities Education Act (IDEA). The unsupported costs for these two LEAs totaled about \$5.13 million—including \$1.24 million for Hillsborough and \$3.89 million for Orange.

We found that the LEAs we reviewed did not properly account for Emergency Impact Aid program funds received for displaced students with disabilities in accordance with Federal requirements. Florida's initial award memorandum dated August 31, 2018, did not provide supplemental guidance to assist LEAs with recording and tracking Emergency Impact Aid program funds designated for children with disabilities. Officials at Hillsborough and Orange only identified displaced students with disabilities separately on a spreadsheet outside of their accounting system and deposited Emergency Impact Aid program funds based on students with disabilities in their general account with the rest of the Emergency Impact Aid program funds. In the memorandum dated August 31, 2018, Florida instructed both public and nonpublic schools that received funds under the program on behalf of displaced students with disabilities to use those funds only to pay for special education and related services consistent with the IDEA. However, Florida provided all Emergency Impact Aid program funds, including funds for students reported as children with disabilities, to each LEA in a lump-sum payment.

Florida's final award memorandum, dated February 19, 2019, was sent 6 months after its initial allocations of Emergency Impact Aid program funds to LEAs, and provided additional instructions to properly account for funds received for students reported as children with disabilities. This included the requirement that such funds must be recorded and tracked separately from Emergency Impact Aid program funds provided for other students. Even though the final award memorandum provided the correct guidance, it also allowed LEAs to use an alternate procedure rather than following the guidance in the final award memorandum or the Department's FAQs. The memorandum stated that it was acceptable to document the accounting adjustment for Emergency

Impact Aid expenses, which would include children with disabilities, in a 2017–2018 school year spreadsheet.

Section 107(e) of the HERA states that

In 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 the Individuals with Disabilities Education Act.

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.

Florida’s Grant Award Notification from the Department for Emergency Impact Aid program funds, dated August 13, 2018, states that “All funds provided on behalf of displaced students reported as students with disabilities must be spent on special education and related services as defined in section 602 of the Individuals with Disabilities Education Act.” Attachment 14 of the Grant Award Notification listed an award amount of \$14,775,000 for children with disabilities in Florida public schools.

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.”

Because Florida did not ensure that the two LEAs, we reviewed properly accounted for Emergency Impact Aid program funds received for students reported as children with disabilities, unsupported costs for these two LEAs totaled about \$5.13 million—including \$1.24 million for Hillsborough and \$3.89 million for Orange. If other Florida LEAs that received Emergency Impact Aid program funds did not separately account for funds received for students reported as children with disabilities, an additional portion of the almost \$14.78 million that Florida received for children with disabilities in Florida public

schools could be unsupported, with insufficient assurance that the funds were used to provide services for children with disabilities.

Recommendations

We recommend that the Official Delegated the Duties of the Assistant Secretary for the Office of Elementary and Secondary Education require Florida to—

- 2.1 Provide support showing that Hillsborough and Orange properly accounted for Emergency Impact Aid program funds for students reported as students with disabilities or return \$5,130,000 to the Department.
- 2.2 Determine whether other Florida 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 students with disabilities. For all, or a statistical sample of 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 procedures for providing guidance and monitoring of future emergency funding from the Department to ensure that award notifications to the LEAs identify Emergency Impact Aid program funds by student type (including children with disabilities).

Florida's Comments

In its response, Florida was unclear on whether it disagreed with Finding 2 in its entirety. However, Florida disagreed with all the corresponding recommendations except Recommendation 2.3. For Recommendation 2.1, Florida stated that Hillsborough and Orange recorded and tracked Emergency Impact Aid program funds for students with disabilities separately. Hillsborough identified the teachers who provided instruction to students with disabilities, calculated the teachers' salary costs associated with those class periods, and provided the payroll records of these teachers. Florida stated that because all Emergency Impact Aid program funds, including the funds for students with disabilities, English Language Learners, and students without disabilities who were not English Language Learners, were replacing revenue that was expended from the LEA's general fund, and the LEA separately identified expenditures made from the LEA's general fund related to students with disabilities, it was acceptable to deposit these funds as a lump sum in the general fund.

Florida also stated that Orange identified expenditures by using actual costs obtained from the LEA's Cost as a Percentage of Revenue report, which is a component of the LEA's program cost report. The per-FTE district program cost report, as published on Florida's website, is not an estimate, but an amount calculated with actual program

expenditures divided by the actual FTE for the fiscal year and is a true reflection of per-pupil costs incurred by the district for each K–12 program offered. Again, Florida stated that because all Emergency Impact Aid program funds, including the funds for students with disabilities, English Language Learners, and students without disabilities who were not English Language Learners, were replacing revenue that was expended from the LEA’s general fund, and the LEA separately identified expenditures made from the LEA’s general fund related to students with disabilities, it was acceptable to deposit these funds as a lump sum in the general fund.

For Recommendation 2.2, Florida stated that each of the eight LEAs that were monitored derived the Emergency Impact Aid program funds by student type exclusive of the State’s proportionate share and identified the expenditures for students with disabilities. However, in the future, Florida agreed to notify LEAs of award amounts by student type and separately track funds for deposit into the LEA’s general fund. Florida agreed with Recommendation 2.3, stating that in the future Florida will provide LEA amounts exclusive of the State’s proportionate share.

OIG Response

Florida did not include any new evidence to support its disagreement with Recommendations 2.1 and 2.2. We determined that the evidence Florida refers to in its response was not sufficient to ensure the LEAs accounted for the Emergency Impact Aid funds correctly. Specifically, the spreadsheets Florida refers to support that the LEAs incurred costs for displaced students with disabilities; however, the spreadsheets did not identify the expenditures that were reimbursed with Emergency Impact Aid program funds. For example, Hillsborough had a spreadsheet that appeared to be the students with disabilities’ proportionate share of the funds received from the Emergency Impact Aid program, based on the number of days the students were enrolled. Orange’s spreadsheet was not as detailed but was aggregated to the school level, based on the quarterly displaced student counts. Neither of the LEAs’ spreadsheets identified the specific expenditures that were reimbursed by Emergency Impact Aid program funds. Finally, neither spreadsheet included a crosswalk to the LEAs’ general accounts. Therefore, the spreadsheets lacked the detail needed to ensure that Emergency Impact Aid program funds for students with disabilities were properly accounted for. The funds for the students with disabilities should have been recorded and tracked separately from the rest of the Emergency Impact Aid program funds. In addition, Florida asserted that the eight LEAs it monitored accounted for Emergency Impact Aid program fund expenditures for students with disabilities; however, Florida did not provide any additional evidence that would allow us to conclude that the LEAs that Florida did not monitor accounted for Emergency Impact Aid program funds in accordance with applicable Federal requirements for students with disabilities.

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.” In addition, 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 spreadsheets the LEAs provided lacked expenditure information needed to ensure funds for students with disabilities were properly accounted for.

As a result of Florida’s response, we modified Recommendation 2.1 to focus on the accounting of program funds for students with disabilities, instead of on the use of program funds. In addition, we made minor revisions to the finding.

Other Matter 1. Florida Could Ensure that LEAs Follow its Guidance in Accounting for Emergency Impact Aid Program Funds

As noted above, in a memorandum dated February 19, 2019, Florida provided guidance to LEAs on using an alternate method to document Emergency Impact Aid program expenses. Specifically, because accounting records for school year 2017–2018 were closed and could not be amended as of the date of the LEAs’ awards from the State, Florida stated that it was acceptable for LEAs to document adjustments in a spreadsheet, noting the amount of funds expended in school year 2017–2018 and replaced by Emergency Impact Aid program funds in 2018–2019.¹⁹ Florida recommended that LEAs document the use of Emergency Impact Aid program funds by identifying the compensation costs of specific teachers who provided instruction for displaced students during school year 2017–2018.

We found that Hillsborough and Orange completed spreadsheets according to Florida’s guidance, with both LEAs noting that Emergency Impact Aid program funds were used to reimburse teachers’ salaries. However, we could not reconcile between expenses documented in the spreadsheets and the LEAs’ Emergency Impact Aid awards. Further, we found that Florida did not review this information during its monitoring, instead only requesting documentation indicating that LEAs deposited Emergency Impact Aid program funds in their general accounts. As a result, Florida missed an opportunity to better understand the link between LEAs’ expenses and awards and identify potential issues.

Because Florida received \$99 million in Emergency Impact Aid program funds, it is imperative that it ensure that its LEAs properly and fully account for these funds. Therefore, we suggest that Florida include as part of its monitoring protocols a review of documentation related to school year 2017–2018 expenses that were replaced by Emergency Impact Aid program funds in school year 2018–2019.

Florida’s Comments

Florida disagreed with Other Matter 1, stating that it thoroughly reviewed LEA documentation of expenditures that were replaced with Emergency Impact Aid program funds. In addition, Florida stated that after LEAs submit program cost data to the SEA

¹⁹ Florida’s guidance was consistent with Emergency Impact Aid program guidelines and with State law, which authorizes the Commissioner to grant an extension of reporting dates not specified by statute in the event of an emergency or unusual circumstance.

each year, the data is then rigorously reviewed by SEA staff. After this review, an additional review would be duplicative and unnecessary.

OIG Response

Florida did not include any new evidence to support its disagreement with Other Matter 1 or its thorough review of LEA documentation of expenditures during monitoring. Both LEAs we visited could have accounted for Emergency Impact Aid program funds more effectively. Further, the program cost data submitted each year did not identify Emergency Impact Aid program reimbursed expenditures. Therefore, we did not revise Other Matter 1.

Other Matter 2. Florida and LEAs Held Excess Cash

We identified 12 LEAs (11 of which were not reviewed as part of our audit) that returned Emergency Impact Aid program funds to Florida after December 31, 2018, the deadline for obligating those funds. These 12 LEAs held Emergency Impact Aid program funds for up to 609 days, as shown in Table 6.

Table 6. Excess Emergency Impact Aid Program Funds Held by LEAs and Returned to Florida

| LEA | Allocation/ Refund | Date Received | Date Returned | Number of Days Each LEA Held the Funds |
|------------------------------|-----------------------|---------------|---------------|---|
| University of Florida | \$1,022 | 09/07/2018 | 03/19/2019 | 193 |
| Volusia County | \$35,210 | 8/28/2018 | 03/29/2019 | 213 |
| Orange County | \$30,217 | 8/29/2018 | 06/18/2019 | 293 |
| St. Johns County | \$6,375 | 8/29/2018 | 06/27/2019 | 302 |
| Lake County | \$283,865 | 8/29/2018 | 07/01/2019 | 306 |
| Polk County | \$40,993 | 8/29/2018 | 08/14/2019 | 350 |
| Collier County | \$2,562,132 | 8/28/2018 | 12/06/2019 | 465 |
| Osceola County | \$10,445 | 8/28/2018 | 01/27/2020 | 517 |
| Seminole County | \$248 | 8/29/2018 | 02/6/2020 | 526 |
| Miami Dade County | \$1,281,882 | 8/28/2018 | 02/21/2020 | 541 |
| Broward County | \$571 | 8/29/2018 | 02/28/2020 | 548 |
| Pinellas County ^a | \$6,842 | 8/29/2018 | 04/29/2020 | 609 |
| Total | \$4,259,802 | - | - | - |

^a Unable to determine whether the funds were public or non-public.

Florida retained a portion of the Emergency Impact Aid program funds it distributed to LEAs, so in certain cases also held excess cash.²⁰ Specifically, Florida held Emergency Impact Aid program funds for up to 106 days, as shown in Table 7.

Table 7. Excess Emergency Impact Aid Program Funds Held by Florida and Returned to the Department

| LEA | SEA Refund | Date Received from LEA | Date Returned to USDOE | Number of Days Each LEA Held the Funds |
|-------------------|--------------------|------------------------|------------------------|--|
| Lake County | \$416,973 | 07/05/2019 | 10/19/2019 | 106 |
| Polk County | \$87,715 | 8/19/2019 | 10/19/2019 | 61 |
| Collier County | \$613,243 | 12/06/2019 | 03/05/2020 | 90 |
| Osceola County | \$19,056 | 01/29/2020 | 02/23/2020 | 25 |
| Miami Dade County | \$714,368 | 2/26/2020 | 04/03/2020 | 37 |
| Total | \$1,851,355 | - | - | - |

We suggest that the Official Delegated the Duties of the Assistant Secretary for the Office of Elementary and Secondary Education work with Florida to ensure any interest earned on the Emergency Impact Aid program funds is returned in accordance with Federal requirements.

Florida's Comments

Florida agreed with Other Matter 2 and stated that interest may be due in accordance with Federal requirements.

²⁰ Florida did not retain any portion of the nonpublic schools' Emergency Impact Aid program funds. Therefore, Florida was not obligated to return all funds back to the Department; some LEAs only returned funds from their nonpublic schools and some of the returned LEA funds were obligated to other LEAs during the amended award period.

Appendix A. Scope and Methodology

We reviewed Florida's systems of internal control for the administration of Emergency Impact Aid program funds. Specifically, we reviewed Florida's internal controls to ensure (1) displaced student count data provided to the Department were accurate and complete, (2) funds were appropriately allocated to LEAs, and (3) LEAs used funds in accordance with applicable Federal requirements. Our review covered Florida's internal controls for the period July 1, 2017, through June 30, 2019.

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

- Gained an understanding of and evaluated Florida's internal controls related to the reliability of displaced student count data, the allocation of funds to LEAs, and the LEAs' use of funds.
- Reviewed Florida's application to the Department for Emergency Impact Aid to gain an understanding of its eligibility and displaced student count data.
- Reviewed obligation and expenditure information to ensure applicable laws and regulations were followed.
- Interviewed Florida officials who were responsible for administering the Emergency Impact Aid program and reviewed their monitoring protocols and tools to determine whether they adequately assessed the reliability of the displaced student count data and adequately monitored LEAs' displaced student count data and expenditures.
- Identified and reviewed written policy and procedures provided to Florida and LEA employees for the submission of displaced student count data and determined whether it included sufficient detail to ensure that Florida and LEA employees were aware of the definition of a displaced student and the related displaced student count data reporting requirements.
- Interviewed the Florida Auditor General who performed the single audits for Florida to gain an understanding of the work performed related to the Emergency Impact Aid program.
- Gained an understanding of Federal and State law, regulations, and guidance relevant to our audit objectives, including:
 - The Bipartisan Budget Act of 2018;
 - 2 C.F.R. 200.328(a) Monitoring by the non-Federal entity, 2 C.F.R. 200.303(a) Internal Controls, and 2 C.F.R. 200.331(d) Pass-through entities;
 - the Department's 2018 FAQ for the Emergency Impact Aid program; and

- Florida State Statute 1000.01.

To achieve our audit objectives, we judgmentally selected three LEAs²¹ in Florida for review but performed the following procedures only at Hillsborough and Orange:

- Gained an understanding of internal controls in place to ensure applicable laws and regulations for counting displaced students were followed and that displaced student count data were accurate and complete.
- Reviewed LEA-level policies and procedures related to the administration of the Emergency Impact Aid program.
- Interviewed key LEA officials responsible for monitoring and oversight of local displaced student count data.
- Determined if LEAs accurately identified displaced students. To accomplish this, through sampling, we determined if school records supported displaced student count data (that is, that displaced students attended on the applicable count dates and were correctly categorized as being displaced students with or without disabilities, or English language learners). 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 school 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.
- Ensured that the Emergency Impact Aid payments received from Florida were supported by the displaced student counts.
- Ensured the LEAs made payments to eligible nonpublic school accounts within 14 days of receiving payments from Florida, where applicable.
- Reviewed LEAs' nonpublic and charter schools' Emergency Impact Aid obligation and expenditure information to determine whether the terms of the grant and applicable laws and regulations were followed.

²¹ Collier was the third LEA selected. However, Collier's displaced student count was found to be incorrect by its IPA and Collier returned over \$2.5 million of Emergency Impact Aid program funds.

- Interviewed the IPA who performed the single audits for each LEA to gain an understanding of the work they performed related to the Emergency Impact Aid program.

For the third LEA, Collier, we relied on the IPA’s findings and recommendations. We performed the following procedures to provide a sufficient basis for using the IPA’s work:

- Interviewed the IPA to determine the steps performed to identify the incorrect displaced student counts.
- Obtained and reviewed the IPA’s workpapers and analyzed the IPA’s work regarding the displaced student counts to ensure the scope, quality, and timing of the audit work was comparable to OIG standards.
- Reviewed evidence concerning the IPA’s qualifications and independence.

LEA Selections

We judgmentally selected 3 LEAs out of the 57 LEAs in Florida that were awarded Emergency Impact Aid program funds for school year 2017–2018. We selected LEAs based on their total award amounts, whether the district was in Hurricane Irma’s path, and whether the district received among the largest amended funding increases. Specifically, we selected Orange because it received the largest amount of Emergency Impact Aid program funds in Florida. We selected Hillsborough because it had the largest increase in funds from the original allocation to the amended allocation and it received the fourth largest amount of funds overall. We selected Collier²² because the district’s location was directly in the path of Hurricane Irma and we expected to see more displaced students move between schools in the district. These three LEAs received about \$33.7 million (34 percent) of the \$99.9 million in Emergency Impact Aid program funds that Florida was awarded.

Sampling Methodology

Displaced Student Count Testing at Selected LEAs

To determine whether Florida’s system of internal control 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

²² As noted earlier, we did not conduct an on-site review at Collier because their IPA found that Collier’s displaced student count was incorrect, and Collier subsequently returned over \$2.5 million in Emergency Impact Aid program funds.

Florida for school year 2017–2018. For Hillsborough and Orange, 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 Orange we created an additional stratum of reported displaced students to test due to identifiers signaling that many students did not come from a covered disaster area or moved due to an earthquake. For students in the additional stratum, we also selected a random statistical sample of students reported in individual quarters. Any students who appeared in all four quarters could have been selected up to four times for the statistical sample. 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 results of the samples for Hillsborough and Orange are projectable to their respective universes.

Table 8. Displaced Student Sample Size for Testing at Hillsborough

| Displaced Category | Universe of Displaced Students (Sum of all Four Quarters) ^a | Sample Size |
|-----------------------------------|---|-------------|
| Other Students | 809 | 50 |
| Students with Disabilities | 497 | 50 |
| English Language Learner Students | 1,929 | 55 |
| Total | 3,235 | 155 |

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

Table 9. Displaced Student Sample Size for Testing at Orange

| Displaced Category | Universe of Displaced Students (Sum of all Four Quarters) ^a | Sample Size |
|-----------------------------------|---|-------------|
| Other Students | 2,312 | 50 |
| Students with Disabilities | 1,528 | 50 |
| English Language Learner Students | 5,855 | 55 |
| Additional Stratum | 298 | 16 |
| Total | 9,993 | 171 |

^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 Florida.
- Supporting documentation confirmed that reported displaced students resided in the area of a covered disaster or emergency 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.

Expenditure Testing at the Selected LEAs

Hillsborough and Orange provided a spreadsheet for school year 2017–2018 listing the displaced students and the portion of the teachers’ salary applicable to the Emergency Impact Aid program. Neither district created a journal entry to show which 2017–2018 expenditures the Emergency Impact Aid program funds covered; therefore, we could not obtain a list of expenditures for the public schools and verify through sample testing that the expenditures were allowable per the terms of the grant.

Internal Controls

We assessed Florida’s systems of internal control over displaced student count data, the allocation of funds to LEAs, and the use of funds by LEAs. We determined that Florida did not have sufficient internal controls to ensure that its reported displaced student count data were accurate and complete (see Finding 1) or that LEAs properly accounted for or used Emergency Impact Aid program funds in accordance with applicable Federal requirements (see Finding 2).

Use of Computer-Processed Data

We relied, in part, on computer processed data Florida provided that summarized displaced student count data and allocations to LEAs. We used this data to evaluate the accuracy and completeness of the student count data that Florida provided to the Department and confirm that Florida’s allocations of Emergency Impact Aid program funds to its LEAs were correct. We also used this data to judgmentally select two LEAs to test the accuracy and completeness of displaced student count data and expenditures. To confirm the sufficiency and appropriateness of the data Florida 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 Florida).

We also relied on student enrollment 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 Individual Educational 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.

We conducted our audit at Florida's offices in Tallahassee, Florida; Hillsborough's offices in Tampa, Florida; Orange's offices in Orlando, Florida; and our offices (located in New York, New York; Dallas, Texas; Atlanta, Georgia; and Sacramento, California), from October 2019 through July 2020. We held an exit conference and discussed the results of our audit with Florida officials on July 27, 2020.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B. Acronyms and Abbreviations

| | |
|----------------------|---|
| C.F.R. | Code of Federal Regulations |
| Collier | Collier County Public School District |
| Department | U.S. Department of Education |
| Emergency Impact Aid | Temporary Emergency Impact Aid for Displaced Students |
| FAQ | frequently asked questions |
| Florida | Florida Department of Education |
| FTE | full-time equivalent |
| HERA | Hurricane Education Recovery Act |
| Hillsborough | Hillsborough County Public School District |
| IDEA | Individuals with Disabilities Education Act |
| IPA | independent public accountant |
| LEA | local educational agency |
| OIG | Office of Inspector General |
| Orange | Orange County Public School District |
| SEA | State educational agency |

Appendix C. Florida's Comments



FLORIDA DEPARTMENT OF
EDUCATION
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State Board of Education

Andy Tuck, *Chair*
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Richard Corcoran
Commissioner of Education

October 30, 2020

Alyce Frazier
Regional Inspector General for Audit
U.S. Department of Education
Office of Inspector General
32 Old Slip, 26th Floor
Financial Square
New York, NY 10005

Reference: Audit Control Number ED-OIG/A02T0006

Dear Ms. Frazier:

Attached is the Florida Department of Education's response to the draft audit report, "Florida Department of Education's Administration of the Temporary Emergency Impact Aid for Displaced Students Program," Control Number ED-OIG/A02T0006.

If you have any questions concerning this response, or if we can be of any further assistance with this audit, please do not hesitate to contact me.

Sincerely,

A black rectangular box redacting the signature of Suzanne Pridgeon.

Suzanne Pridgeon

SP/mp

cc: Mike Blackburn, Inspector General
Mari Presley, Assistant Deputy Commissioner, Finance and Operations
Mark Eggers, Assistant Deputy Commissioner, Finance and Operations
Sean Freeman, Educational Program Director, Finance and Operations

Suzanne Pridgeon
Deputy Commissioner, Finance and Operations

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Florida Department of Education

Response to
U.S. Department of Education
Office of Inspector General

Florida Department of Education's Administration of the
Temporary Emergency Impact Aid for Displaced Students Program Draft Report
2017-18 Fiscal Year

Inaccurate/Inconsistent Statements Within the Draft Report

The auditor lacks a clear understanding of the various offices and related functions within the Florida Department of Education. While the report correctly states that the Emergency Impact Aid (EIA) Program was administered by the office that administers school district operational funding and financial reporting (Office of Funding and Financial Reporting), the report fails to state that the Office of Grants Management, with expertise in administering federal programs, supported the administration of the EIA program. The Office of Funding and Financial Reporting and the Office of Grants Management are both within the Division of Finance and Operations.

The report inaccurately states that Florida allocated EIA program funds using the Florida Education Finance Program (FEFP) process. The FEFP allocates state and local funds for operations to Florida school districts and was not used to allocate EIA funds. It appears the auditor understands this, but lacks a basic understanding of Florida's calculation of the proportionate share retained by the state. To determine the state's proportionate share, Florida simply used the percent of state revenue for operations, divided by the total state, local, and federal revenue for operations. The data for this calculation is from school district annual financial reports and not the FEFP. References to the FEFP have no bearing on this methodology, and only serve to confound the understanding of the calculation of the state's proportionate share.

The report states that Florida monitored "a few" LEAs. Florida performed desk reviews of eight LEAs, which represents 62 percent of district EIA grant revenue.

The report notes that Florida provided instructions to the LEAs with its May 7, 2018, memorandum and that Florida did not notify LEAs at that time that they were required to provide auditable written records to support the amount of funds that were received under the EIA program. The report fails to note that the LEA application deadline was May 25, 2018, and the FAQ document, which contains this information, was issued in June 2018 by the United States Department of Education, clearly too late to be included in the May 7, 2018, memorandum and after the application due date.

Audit Recommendations and Florida's Response

DISPLACED STUDENT COUNTS

- 1.1 Develop and implement procedures to ensure it collects accurate and complete data on displaced students that can be used for Federal reporting requirements related to the Emergency Impact Aid program.

Florida disagrees with this finding. Florida provided accurate and complete instructions to LEAs for the reporting of displaced students with its memorandums of May 7, 2018, and August 31, 2018. Florida used the application templates provided by the USDOE, which included the definition of a displaced student and provided the FAQ with its August 31, 2018, memorandum. However, Florida will improve our process to provide additional information to assist LEAs in the identification and documentation of displaced students.

- 1.2 Modify policies and procedures related to oversight and monitoring of the Emergency Impact Aid program to ensure verification of displaced student counts in accordance with Federal requirements.

Florida disagrees with this finding. Florida provided effective monitoring of displaced student counts. However, policies and procedures will be reviewed to identify improvements in the verification of displaced student counts.

- 1.3 Provide support for the unsupported student data counts at Hillsborough and Orange or return \$2,380,691 in Emergency Impact Aid program funds received based on unsupported displaced student count data.

Florida will work with Hillsborough and Orange to identify support for student data counts.

- 1.4 Return \$110,500 in Emergency Impact Aid program funds Orange received based on unsupported prekindergarten displaced student count data and determine whether other Florida LEAs that received Emergency Impact Aid program funds misreported prekindergarten students as displaced and return those funds.

Florida will work with Orange to determine the number of unsupported prekindergarten students included in the LEAs application and request the return of related unsupported grant funds. In addition, Florida will work with the other LEAs to determine whether ineligible prekindergarten students were counted as displaced students and request return of related funds.

FUNDS RECEIVED FOR STUDENTS WITH DISABILITIES

- 2.1 Provide support showing that Hillsborough and Orange properly used Emergency Impact Aid program funds for students reported as students with disabilities or return \$5,130,000 to the Department.

Florida disagrees with this finding. Hillsborough and Orange recorded and tracked EIA program funds for students with disabilities separately. Hillsborough identified the teachers who provided instruction to students with disabilities, calculated the teachers' salary costs associated with those class periods, and provided the payroll records of these teachers. FLDOE's August 31, 2018, memorandum provided districts with grant amounts by student type, prior to deducting the state's proportionate share. The calculation of the state's proportionate share was displayed, and with this information the LEAs were

able to derive the EIA allocations by student type. In fact, each of the nine LEAs that were monitored had derived the amount of funds associated with students with disabilities. Because all EIA program funds, including the funds for students with disabilities, English Language Learners (ELL), and students without disabilities and who were not ELLs, were replacing revenue that was expended from the LEA's general fund, and the LEA separately identified expenditures made from the LEA's general fund related to students with disabilities, it was acceptable to deposit these funds as a lump sum in the general fund.

Orange identified expenditures by using actual costs obtained from the LEA's Cost as a Percentage of Revenue (CAPOR) report, which is a component of the LEA's program cost report. The cost for a basic student (\$7,126), ELL student (\$6,545) and ESE student (\$11,533) was taken from the district's CAPOR report, divided by 4 to get a quarterly cost, then multiplied by the number of displaced students in each category (Basic, ELL, ESE) for each quarter, then summed to provide the total expenditures. Expenditure amounts were provided for the three student types, and were compared to grant revenue for each of the three student types to ensure that expenditures were equal to or exceeded revenue. Their cost totals to \$5.6 million. The per-FTE district program cost report, as published on the FLDOE website, is not an estimate, but an amount calculated with actual program expenditures divided by the actual FTE for the fiscal year, and is a true reflection of per-pupil costs incurred by the district for each K-12 program offered. Detailed course, staff, students and time and space data are used to determine the gross costs for each program. The gross program costs are also reconciled to the district's financial report to ensure all program related costs are captured and all non-program related costs such as debt service, community service, and certain non-program capital expenditures are properly excluded. Expenditure amounts were provided for the three student types, and were compared to grant revenue for each of the three student types to ensure that expenditures were equal to or exceeded revenue. Again, because all EIA program funds, including the funds for students with disabilities, English Language Learners (ELL), and students without disabilities and who were not ELLs, were replacing revenue that was expended from the LEA's general fund, and the LEA separately identified expenditures made from the LEA's general fund related to students with disabilities, it was acceptable to deposit these funds as a lump sum in the general fund.

2.2 Determine whether other Florida 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 students with disabilities. For all, or a statistical sample of 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.

Florida disagrees with this finding. Each of the eight LEAs that were monitored derived the EIA funds by student type exclusive of the state's proportionate share, and identified the expenditures for students with disabilities. However, in the future, Florida agrees to notify LEAs of award amounts by student type and separately track these funds for deposit into the LEA's general fund.

2.3 Develop procedures for providing guidance and monitoring of future emergency funding from the Department to ensure that award notifications to the LEAs identify Emergency Impact Aid program funds by student type (including children with disabilities).

Florida agrees with this finding. Florida's August 18, 2020, memorandum provided LEA amounts by student type inclusive of the state's proportionate share, and the percentage of the state's proportionate share was displayed in the spreadsheet, which could readily be used by the district to derive the allocations by student type. However, in the future, Florida will provide LEA amounts exclusive of the state's proportionate share.

OTHER MATTER 1.

Florida Could Not Ensure That LEAs Follow its Guidance in Accounting for Emergency Impact Aid Program Funds

Florida disagrees with this finding. Florida thoroughly reviewed LEA documentation of expenditures that were replaced with EIA funds. Several LEAs used the state's program cost reporting system to document operating expenditures. Each year, after LEAs submission of program cost data to the SEA, the data is subject to a rigorous review by SEA staff. After this review, an additional review would be duplicative and unnecessary. This data is then used to meet federal and state reporting requirements. However, Florida will review monitoring protocols related to this finding.

OTHER MATTER 2.

Florida and LEAs held Excess Cash

Florida agrees that interest may be due in accordance with Federal requirements, if Florida is determined to have held excess cash, and after consideration of applicable equitable offsets.