U.S. Department of Education
Office of Inspector General

Texas Education Agency's Administration of the Temporary Emergency Impact Aid for Displaced Students Program

March 6, 2020
ED-OIG/A02T0001

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

March 6, 2020

Mike Morath
Commissioner of Education
Texas Education Agency
1701 N. Congress Avenue
Austin, TX 78701

Dear Commissioner Morath:

Enclosed is our final audit report, "Texas Education Agency's Administration of the Temporary Emergency Impact Aid for Displaced Students Program," Control Number ED-OIG/A02T0001. This report incorporates the comments you provided in response to the draft report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Department of Education official, who will consider them before taking final Departmental action on this audit:

Frank Brogan
Assistant Secretary of Elementary and Secondary Education
U.S. Department of Education
400 Maryland Avenue SW
Washington, D.C. 20202

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

Sincerely,

/s/

Alyce Frazier, CPA
Regional Inspector General for Audit

Enclosure

Table of Contents

Results in Brief 1

Introduction 4

Finding 1. Texas Did Not Ensure That Displaced Student Count Data Were Accurate and Complete and That LEA Allocations Were Appropriate 10

Finding 2. Texas Did Not Ensure That LEAs Used Emergency Impact Aid Program Funds in Accordance with Applicable Federal Requirements 23

Other Matter. LEAs Held Excess Cash 30

Appendix A. Scope and Methodology 31

Appendix B. Acronyms and Abbreviations 39

Texas's Comments 40

Results in Brief

What We Did

The objectives of our audit were to determine whether the Texas Education Agency (Texas) 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 Texas's internal controls from July 1, 2017, through June 30, 2019.

To accomplish our audit objectives, we assessed Texas'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 3 of 247 LEAs in Texas that were awarded Emergency Impact Aid program funds for school year 2017–2018: Goose Creek Consolidated Independent School District (Goose Creek), Houston Independent School District (Houston), and Spring Independent School District (Spring). These three LEAs received about $23.1 million of the $174.2 million in Emergency Impact Aid program funds that Texas was awarded.

What We Found

We determined that Texas'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 reported by LEAs. Texas did not provide adequate guidance to LEAs, and a reasonableness check that it performed on displaced student count data was inadequate to prevent or detect potential errors in the data. Specifically, Texas instructed LEAs to identify displaced students using existing student crisis codes but did not inform the LEAs that they needed to pair each student's crisis code with enrollment data to correctly report each quarter's displaced student count. In addition, Texas's reasonableness check on displaced student count data submitted by the LEAs, which involved comparing counts between two data sources, was not designed in a way that would have provided assurance that reported data were accurate and complete.

Regarding other oversight processes, Texas monitored LEAs through focused desk reviews and, for fiscal year 2019 and beyond, plans to review independent public accountant (IPA) single audits for findings related to the Emergency Impact Aid

program.[1] Both of these activities can be effective if implemented appropriately. Overall, however, Texas's controls neither prevented LEAs from submitting inaccurate and incomplete displaced student count data nor resulted in Texas detecting errors in the data before it applied for Emergency Impact Aid program funds from the Department.

The displaced student count data for the three LEAs that we reviewed were inaccurate and incomplete. As a result, Texas reported inaccurate displaced student count data to the Department for school year 2017–2018, and its Emergency Impact Aid program grant allocations to these three LEAs were incorrect. We estimate that $10.55 million of the $23.1 million in Emergency Impact Aid program funds that the three LEAs received was not supported because of the inaccurate and incomplete displaced student count data.[2]

We also determined that Texas's system of internal control over LEAs' use of Emergency Impact Aid program funds did not ensure that (1) LEAs accounted for Emergency Impact Aid program funds received for students reported as children with disabilities in accordance with Federal requirements and (2) LEAs used Emergency Impact Aid program funds to pay salaries only for employees who supported schools with displaced students. We identified about $1.94 million in unsupported costs for students reported as children with disabilities at the three LEAs we reviewed and $750,088 in unsupported costs for employees who worked at schools for which no displaced students were reported at two of the three LEAs we reviewed (Houston and Goose Creek).

What We Recommend

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

- Provide required support for or return $12.37 million in unsupported costs identified in this report.
- Review support for students reported as displaced by quarter for Spring and all other Texas LEAs with reported displaced student counts that matched previously reported data or that increased by quarter, and return funds related to unsupported displaced student counts.

---

[1] IPAs were not required to test displaced student count data in fiscal year 2018. We discuss this further in Finding 1.

[2] Of this amount, about $875,000 is duplicated unsupported costs as noted in Finding 1 and Finding 2. These amounts are rounded. The details are in the body of the report.

- Return any Emergency Impact Aid program funds allocated to any other LEAs that did not separately account for and properly use Emergency Impact Aid program funds for the benefit of displaced students reported as students with disabilities.
- Develop and implement procedures that include guidance for tracking student enrollment in the event of a disaster; collecting, documenting, and reporting data on displaced students; and monitoring the Emergency Impact Aid program and any future emergency funding from the Department.

Texas's Comments

We provided a draft of this report to Texas for comment. Texas provided general comments, stating that the late receipt of Emergency Impact Aid program funds (nearly a year after Hurricane Harvey), the timelines required by the Department, and the statute for data collection and data reporting complicated implementation of the program. Texas also stated that it followed its standard grant policies and procedures and monitored grant recipients.

Texas disagreed with Finding 1 and did not state whether it agreed or disagreed with the corresponding recommendations. Texas generally disagreed with Finding 2 and did not state whether it agreed or disagreed with recommendations 2.1 through 2.3. However, Texas agreed with recommendations 2.4 and 2.5. Texas did not comment on the Other Matter section.

OIG Response

Texas received Emergency Impact Aid program funds to assist LEAs with a disaster that caused extraordinary conditions that had a devastating and unprecedented impact on many LEAs and students in Texas. Texas faced challenges when trying to ensure that it reported accurate and complete displaced student count data to the Department. Despite these challenges, Texas has a responsibility to ensure that (1) it provides Emergency Impact Aid program funds to LEAs based on accurate and complete displaced student count data and (2) LEAs use program funds for allowable purposes. Based on Texas's comments, we modified Finding 1 but did not change the recommendations and did not change Finding 2 or the recommendations.

We summarize Texas'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 programs[3] 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 Notice[4] 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

---

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

[4] 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 Notice[5] 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.[6]

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 one 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 one week prior to 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 of school year 2017–2018, disaggregated by students who were children with disabilities, English language learners not reported as children with disabilities, and all other displaced students. The Department identified four suggested quarterly count dates for SEAs and each LEA 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 applications, SEAs had to certify that their 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.[7] 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

---

[5] Federal Register Notice, Volume 83, No. 101.

[6] 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.

[7] 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.

within 90 days of this deadline. Emergency Impact Aid program funds could only be used for expenses incurred during school year 2017–2018, and the SEA had to return to the Department any funds that were not obligated by December 31, 2018, by these entities.

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.[8] SEAs could retain up to 1 percent of their allocations to pay for the costs of administering the program.[9]

On August 13, 2018, the Department awarded Texas $174.2 million in Emergency Impact Aid program funds. This was the largest amount awarded to any State and about 40 percent of the total amount of Emergency Impact Aid program funds awarded. As of August 16, 2019, Texas had drawn down about $124.4 million of this award. The Department's Disaster Recovery Unit Director notified us that, based on the final student counts Texas reported to the Department in July 2019, the Department reduced the maximum amount available to be used by Texas to provide Emergency Impact Aid payments to LEAs to $134.3 million.

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.

---

[8] 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."

[9] Texas initially retained 0.25 percent of per-student award amounts to LEAs for its administrative costs. However, Texas did not retain any of its allocation to pay for the costs of administering the program.

Prior Audit of Texas's Emergency Impact Aid Program

In 2007, the Office of Inspector General (OIG) audited Texas's Emergency Impact Aid program (ED-OIG/A06G0009) after Hurricanes Katrina and Rita. The report recommended that, to plan for any similar disasters in the future, Texas develop a statewide emergency plan that should include controls to ensure it collects accurate student data and provides guidance to the LEAs on how to enroll and track a large influx of students. As one of its corrective actions, Texas stated that in 2009, it added a crisis code to its information management system, the Public Education Information Management System (PEIMS),[10] which would be immediately available when needed for future emergencies.

Timeline for Texas Hurricane Events and Instructions to LEAs

- On August 25, 2017, Hurricane Harvey made landfall in Texas as a category 4 hurricane. It continued to impact the Texas Gulf Coast for several days and dropped more than 50 inches of rain in the Houston area.
- The three LEAs we reviewed were scheduled to start school on August 17, 2017 (Spring), and August 28, 2017 (Houston and Goose Creek).
- On September 12, 2017, before Congress authorized the Emergency Impact Aid program, Texas instructed LEAs to use crisis code 05 when enrolling students who had relocated because of Hurricane Harvey.
- Starting September 22, 2017, Texas required LEAs to upload student information identifying displaced students with crisis codes from their local student information systems to PEIMS on a weekly basis. LEAs performed this weekly upload to PEIMS until March 9, 2018.
- On October 5, 2017, also before Congress authorized the Emergency Impact Aid program, Texas notified LEAs that crisis code 05 was no longer valid and that they needed to update the crisis codes for students previously identified with crisis code 05. Texas defined the new crisis codes as follows: 5A (indicates the student was impacted by Hurricane Harvey and enrolled in a different LEA); 5B (indicates the student was enrolled in an LEA impacted by Hurricane Harvey and enrolled in another campus in the same LEA); 5C (indicates the student was identified as homeless because of Hurricane Harvey and remained enrolled in their home campus); and 06 (indicates the student enrolled in a Texas public school during school year 2017–2018 as a result of being displaced from their

[10] PEIMS encompasses all data Texas requested and received from LEAs for public education, including student demographics and academic performance, personnel, financial, and organizational information.

residence by Hurricane Irma, Hurricane Maria, or any other hurricane labeled as such by the National Hurricane Center, other than Hurricane Harvey).

- On May 7, 2018, Texas provided site training to LEAs regarding the Emergency Impact Aid program, including due dates, award amounts, allowable activities, and displaced student codes.
- On May 7, 2018, and May 9, 2018, in electronic communications, Texas told the LEAs that it did not collect data as required by the Department and would therefore need to collect additional information for the Emergency Impact Aid program.

Texas's LEA Application Process

Texas required each LEA to submit an application with its displaced student count data. The application consisted of two parts. Part 1 of the application required LEAs to submit displaced student counts by May 25, 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 of displaced students:

- displaced students with disabilities who are not identified as English language learners,
- displaced students with disabilities who are 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).

Texas specified the following quarterly reporting dates in the application for Part 1: October 2, 2017; December 11, 2017; February 5, 2018; and April 10, 2018.

Texas used the displaced student counts that LEAs provided in Part 1 of the application to report displaced student counts to the Department. Texas also used these counts to calculate the maximum total amount of Emergency Impact Aid program funds that each LEA could receive and prepopulated that amount into Part 2 of each LEA's application. For Part 2 of the application, which was due by November 30, 2018, Texas required LEAs to confirm the amount requested and separate their budgeted amounts into specific allowable activities. The LEAs' budgeted amounts for the allowable activities could not exceed the total maximum award amount. Texas disbursed the funds to LEAs after approving Part 2 of their applications.

Selected LEAs

Texas awarded Emergency Impact Aid program funds to 247 LEAs, with Houston receiving the largest award. We selected three LEAs (Houston, Goose Creek, and Spring) for review. These three LEAs were awarded and received a total of $23.1 million from the Emergency Impact Aid program, based on their reported displaced student counts by category.

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

LEA	Emergency Impact Aid Program Funds Awarded*	Students with Disabilities	English Language Learner Students†	Other Students	Total Students
Houston	$17,383,003	600	1,608	5,567	7,775
Goose Creek	$2,257,966	86	103	855	1,044
Spring	$3,445,614	141	130	1,322	1,593
Total	**$23,086,583**	**827**	**1,841**	**7,744**	**10,412**

* Texas provided per-student award amounts to the LEAs that were net of 0.25 percent that it initially planned to retain to cover administrative costs. Also, Houston's award amount included $477,500 for nonpublic schools, and Goose Creek's award amount included $45,159 for administrative costs.

† Refers to English language learner students who were not reported as students with disabilities.

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

Texas's system of internal control over displaced student count data did not prevent or detect inaccurate displaced student counts that LEAs reported. Specifically, Texas did not provide adequate guidance to LEAs 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.

Texas communicated Federal requirements to LEAs in its LEA application template; provided a training presentation for LEAs on Federal requirements for the Emergency Impact Aid program; and required LEAs to certify, during data submission, that public school student counts included in their applications met the definition of displaced students. Texas also had its Federal Fiscal Monitoring Division (monitoring division) conduct focused desk reviews of a few LEAs that received Emergency Impact Aid program funds and, for fiscal year 2019 and beyond, plans to rely on IPA single audits as one part of its oversight process.

Overall, however, Texas'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, Texas 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 Texas allocated, to the three LEAs we reviewed, $10.55 million[11] in Emergency Impact Aid program funds that Texas and its LEAs should not have received.

Texas Did Not Provide Adequate Guidance to LEAs

Before Congress authorized the 2018 Emergency Impact Aid program, Texas LEAs used crisis codes (5A, 5B, and 5C) to identify students affected by Hurricane Harvey. After becoming aware of the availability of Emergency Impact Aid program funds in April 2018, Texas realized that using crisis code data from LEA weekly submissions would not allow it to identify and report displaced students in accordance with the Federal requirements. According to the Associate Commissioner for Contracts, Grants, and Financial Administration, the LEA weekly submissions data included students who were no longer displaced, did not reflect student displacement status on specific

[11] Of this amount, $874,665 is duplicated unsupported costs as noted in Finding 1 and Finding 2.

quarterly reporting dates, and did not differentiate between the displaced student categories, as described in the Background.

Starting in May 2018, Texas provided guidance to LEAs to assist them with reporting student count data, including an application template that included a link to the Department's 2018 FAQ for the Emergency Impact Aid program, electronic bulletins, and training. Texas informed LEAs that it had not collected student count data as required by the Department and would therefore need to collect additional information in the LEA applications for Emergency Impact Aid program funds. However, the guidance did not notify the LEAs that the crisis code data should not be used as the only source and without consideration of other enrollment data, to count displaced students and provided no further instructions on how to collect the data.

LEA Emergency Impact Aid Application Did Not Explain That Crisis Code Data Should Not Be Used as the Only Source to Count Displaced Students

Because Texas determined that it could not use crisis code data from LEA weekly submissions to report displaced student count data to the Department, it required LEAs to report displaced student counts in their applications. Texas's application template included specific instructions for LEAs to report displaced student counts by quarter[12] and required them to certify that the public school student counts included in their application met the definition of displaced students. The application also required that each LEA make all documentation related to eligibility for Emergency Impact Aid funding available to Texas, the Department, and external monitors and auditors upon request. The application template included the Department's definition of a displaced student and requested student counts for the quarterly dates selected by Texas. However, the application was unclear because it made specific mention of the crisis codes to use to report quarterly data but did not explain that the crisis code data should not be used as the only source; rather, they should be used in conjunction with other enrollment data. According to the Director of Texas's Information Technology Services Business Management Division, for LEAs to complete the application with accurate quarterly displaced student counts, the LEAs would have to perform manual procedures using

[12] Texas's application instructions to the LEAs for reporting displaced student count by quarter stated, "Complete the following tables to indicate the number of students within your LEA's [geographic] boundaries who were displaced in each quarter of 2017–2018. Each student may be counted only once per quarter… The LEA count indicates the number of displaced students enrolled in all elementary and secondary schools in the LEA. Enrollment data must be submitted for all four quarters of the 2017–2018 school year."

data from their local student information systems, such as running queries that paired each student's crisis code and enrollment data.

The Associate Commissioner for Contracts, Grants, and Financial Administration stated that once Texas determined that the LEA weekly submissions of crisis code data were not sufficient for reporting displaced student counts to the Department, Texas decided not to use these data. Instead, Texas required LEAs to report displaced student counts in their applications for the Emergency Impact Aid program by manually entering displaced student counts for all four quarters, at one time. LEAs were expected to report the number of students, by category and within their geographic boundaries, who were displaced in each quarter of school year 2017–2018. We sampled the displaced student count data at three LEAs and found that all of them reported cumulative displaced student quarterly counts (that is, the LEAs did not consider whether students were no longer displaced in subsequent quarters and continued to report them as displaced in their applications to Texas). This occurred because crisis codes remained on students' records even after students were no longer displaced, and LEAs did not reconcile crisis code data against other enrollment data to obtain reliable quarterly counts.

Training Did Not Explain That Crisis Code Data Should Not Be Used as the Only Source to Count Displaced Students

Texas provided on-site training to LEAs through the "Hurricane Recovery Grants Update" in May 2018, and multiple sessions of the "2018 Statewide Federal Grants Training" in October 2018, addressing the Emergency Impact Aid program. The May 2018 training documents included topics such as application due dates; amounts of funds to be awarded per displaced student; allowable program activities; and instructions to use crisis codes 5A, 5B, and 06 to identify displaced students. This training also defined quarterly student counts as including students identified with the crisis codes 5A, 5B, and 06 that LEAs were using. The October 2018 training documents included a session titled "Hurricane Grants Update." Even though Texas instructed LEAs to use the crisis codes, it did not explain the need to reconcile crisis code data against other enrollment data to obtain reliable quarterly counts.

In addition, Texas provided electronic communications in May and September 2018 to the LEAs regarding the Emergency Impact Aid program. Texas's communications to LEAs in May 2018 explained that Texas had not collected data as required by the Department and would therefore need to collect additional information for Part 1 of the LEA application. However, Texas provided no further instructions to LEAs on how to collect the data. The lack of clear instructions on the use of the crisis codes in conjunction with other enrollment data when reporting the student counts contributed to all three LEAs that we reviewed reporting cumulative displaced student quarterly counts.

Texas Should Revise its Reasonableness Check and Increase Other Monitoring Efforts in the Future

Texas's monitoring of displaced student count data received from LEAs consisted of (1) a reasonableness check of LEA-submitted data, (2) desk reviews conducted by its monitoring division, and (3) plans for relying on IPA single audits in fiscal year 2019 and beyond. These activities can be effective if implemented appropriately. However, the reasonableness check that Texas performed inappropriately compared LEA weekly submissions data to data that LEAs provided in their applications. We also noted that, given the results of Texas's most recent LEA desk reviews, it should increase its monitoring efforts related, specifically, to the Emergency Impact Aid program and displaced student count data, and that Texas's reliance on IPA single audits will be a more significant part of its oversight going forward since IPAs were not required to test displaced student count data in fiscal year 2018.

This monitoring did not prevent or detect issues with the displaced student count data that we found at all three LEAs that we selected for review. Specifically, we sampled the displaced student count data at three LEAs and found that the three LEAs reported students who did not change schools during the year after the hurricane and also reported cumulative displaced student quarterly counts, as mentioned above. Additionally, one of the three LEAs (Spring) reported students who transferred from schools that were not in disaster areas. See Table 2 for the reasons that reported student counts were incorrect for the LEAs that we reviewed.

Table 2. Summary of Reasons Reported Student Counts Were Incorrect

LEA	Student Did Not Change Schools	Student No Longer Displaced	Student Did Not Transfer from a Disaster Area	Total Student Counts at the LEA That Were Incorrect	Total Student Counts Reviewed at the LEA
Houston	61	17	0	78	150
Goose Creek	3	19	0	22	120
Spring	1	2	7	10	40
Total	**65**	**38**	**7**	**110**	**310**

Inadequate Reasonableness Check

We found that Texas's reasonableness check was not adequate to prevent or detect inaccurate or incomplete displaced student counts and did not include a review of data for 44 of the 247 LEAs that received Emergency Impact Aid program funds. According to Texas officials, because of timing constraints, Texas's oversight of the displaced student count data before allocating and disbursing Emergency Impact Aid program funds

consisted of a reasonableness check on the fourth quarter data that LEAs reported in their applications. Texas compared this data to LEAs' aggregate weekly submissions of crisis code data as of March 9, 2018, even though the weekly submissions data were cumulative[13] and therefore were not sufficient as the only source for reporting to the Department. As a result of the reasonableness check, Texas followed up with three LEAs that had the largest reported differences between the application data provided and the weekly submissions data.

Texas's decision to follow up with LEAs that had the largest differences in the data was not a suitable approach for identifying potential errors because the data should have been different across the two sources. Instead, Texas should have followed up with additional LEAs regarding student counts that were identical between the two sources, or with LEAs that submitted quarterly student counts that increased over all four quarters. LEAs with identical student counts between the two sources could indicate that the LEAs obtained cumulative displaced student count data directly from their weekly submissions data for input into their applications. Out of the 282 LEAs for which Texas performed the reasonableness check, we found that 41 LEAs reported identical student counts in their weekly submissions data and their applications.

LEAs' reporting of increasing quarterly counts in their applications could also indicate that LEAs were reporting cumulative counts. We reviewed a summary of the student count data that LEAs provided in their applications and determined that 18 of the 57 LEAs that reported a total of more than 100 displaced students and received Emergency Impact Aid program funds had quarterly student counts that increased over all 4 quarters, which may indicate that the LEAs did not remove students' displaced status when they were no longer displaced.

Texas's Monitoring Reviews Should Include the Emergency Impact Aid Program at Additional LEAs in the Future

During our audit, Texas's monitoring division performed focused desk reviews of the Emergency Impact Aid program at three of the approximately 100 LEAs for which it conducted annual desk reviews. To select LEAs for its annual desk reviews, Texas conducted an annual risk assessment of its LEAs. Texas used 12 indicators to assess each LEA as a low-, medium-, or high-risk entity, and selected LEAs for the annual desk reviews based on this risk assessment. Texas then selected, based on management

[13] As noted above, crisis codes remained on students' records even after students were no longer displaced.

referrals,[14] three of these LEAs for Emergency Impact Aid program desk reviews. These three focused desk reviews, which did not include the LEAs that we reviewed for this audit, included a review of reported displaced student data counts. The reviews found that (1) all three LEAs overreported quarterly displaced student counts and (2) two LEAs did not use the correct crisis codes to report displaced students. Because Texas found issues related to the Emergency Impact Aid program at all three LEAs for which it conducted the focused desk reviews, there is a substantial risk that other LEAs may have similar problems. As a result, Texas should include a review of the Emergency Impact Aid program, with a specific focus on displaced student count data, for additional LEAs selected for annual desk reviews in the future.

Texas's Reliance on LEA Single Audits Can Be a Helpful Practice

According to the Associate Commissioner for Contracts, Grants, and Financial Administration, Texas plans to rely on IPAs to review the Emergency Impact Aid program during their single audits of LEAs. 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 Emergency Impact Aid program.

The IPAs that performed single audits in Houston, Goose Creek, and Spring tested Emergency Impact Aid program expenditures during their review of the Emergency Impact Aid program. These IPAs did not test displaced student count data because they were not required to do so. The Director of Texas's monitoring division stated that there were three single audits, not in our sample, that found issues with the Emergency Impact Aid program at three LEAs, including one LEA that reported cumulative displaced student counts and one LEA that reported nondisplaced students as displaced.[15] Both LEAs were required to return Emergency Impact Aid program funds. The third single audit reported that the LEA had inadequate controls to identify to what fund some personnel costs were charged.

---

[14] Texas selects an LEA once in a four-year cycle, unless there are extenuating circumstances justifying more frequent review, such as management referring an LEA for monitoring.

[15] We did not review the single audit reports of LEAs that were not in our sample.

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 Code of Federal Regulations (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, the Every Student Succeeds Act (Section 9204(1)) requires SEAs to properly monitor their LEAs.

Texas Did Not Ensure That LEAs Reported Accurate and Complete Displaced Student Count Data

According to Texas's Associate Commissioner for Contracts, Grants, and Financial Administration, Texas did not have adequate controls to ensure that LEAs reported accurate and complete displaced student data counts because Texas did not have adequate resources to monitor the LEA-reported data before it submitted its application to the Department within the Department's reporting timelines. In its application to the Department for Emergency Impact Aid program funds, Texas certified that it would comply with Federal requirements, including the requirements for monitoring its LEAs as prescribed in 2 C.F.R. § 200.331(d). However, even though Texas submitted displaced student count data to the Department within 3 weeks of receiving the data from the LEAs in June 2018, it could 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 December, which was 3 to 6 months later. Specifically, if Texas had appropriately compared the LEA-reported data from their applications to LEA weekly submissions data, it would have identified potential inaccuracies for some LEAs.

Because of the ineffective data collected in the LEA weekly submissions, Texas used the LEA application to collect aggregate displaced student count data from the LEAs. Even though Texas was aware, in April 2018, of the data deficiencies in PEIMS, it did not emphasize in subsequent LEA communications that the displaced student count data that LEAs submitted in their applications should not be information taken solely from LEA weekly submissions data, which could have avoided the known issues.[16] In its corrective action plan to a 2007 OIG report, Texas stated that it would require LEAs to submit standardized reporting files and that it would collect these files and create a statewide database to provide better oversight, monitoring, and reconciliation of student data. However, following Hurricane Harvey, Texas did not require LEAs to submit any reporting files that could be used to create a statewide database or any student-level documentation that would support the displaced student counts that LEAs reported on their applications. Texas could have prevented and detected the incorrect student count data that LEAs reported if it effectively implemented its corrective action based on the 2007 OIG report; provided more explicit guidance to the LEAs on the methodology for collecting student data for the Emergency Impact Aid program, such as the need to report noncumulative student counts; and adequately monitored student count data.

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

To determine whether LEAs had adequate documentation to support that reported displaced students were (1) accurately identified, based on the Federal definition of a displaced student under the Emergency Impact Aid program, and (2) reported for the appropriate quarters, we tested displaced student count data that three LEAs (Goose Creek, Houston, and Spring) reported to Texas. For Houston and Goose Creek, we also tested the classification of students to ensure that LEAs accurately reported displaced students as a student with a disability, an English language learner student, or other student. For the three LEAs, we reviewed data for 310 students and found 110 students who were incorrectly reported as displaced. As a result of the three LEAs incorrectly reporting displaced student counts for school year 2017–2018, Texas did not report accurate or complete displaced student count data to the Department, and its Emergency Impact Aid program grant allocations to these three LEAs were incorrect. Based on the results of our testing, we project that payments for unsupported displaced student counts were about $9.85 million for Houston and over $331,000 for Goose

[16] For example, Houston obtained the displaced student counts for each quarter from its student information system that provided data to PEIMS, without considering whether students were no longer displaced in subsequent quarters.

Creek.[17] In addition, Spring received an overpayment of at least $366,706 in Emergency Impact Aid program funds.

Results of Sample Testing at Houston

As shown in Table 3, of the 150 students that we sampled for Houston, we identified 78 students who should not have been considered displaced in the quarter we tested.[18] As a result, we estimate and recommend the return of $9,853,155 in Emergency Impact Aid program funds that were allocated and spent for unsupported students in the three displaced categories. We are 90 percent confident that the total amount of unsupported Emergency Impact Aid program funds is between $8,468,163 and $11,238,146.

Table 3. Results of Sample Student Testing at Houston

Displaced Category	Displaced Students (Sum of all Four Quarters)*	Sample Size	Students Incorrectly Counted as Displaced in Tested Quarter	Percent of Students in Sample Incorrectly Counted as Displaced
Students with Disabilities	600	50	28	56%
English Language Learner Students	1,608	50	17	34%
Other Students	5,567	50	33	66%
Total	**7,775**	**150**	**78**	**Not Applicable**

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

In addition, Houston did not use the quarterly reporting dates that Texas specified. Because Texas did not determine that Houston used quarterly reporting dates other than those that Texas specified, it is possible that additional LEAs could have counted the same students as displaced if students transferred between LEAs during the time that elapsed between the different dates used.

---

[17] We calculated these amounts based on Texas allocating $2,493.75 for each student with a disability, $2,244.38 for each English language learner student, and $2,119.69 for each other student. Note that $837,900 of the $9.85 million for Houston, and $36,765 of the $331,000 for Goose Creek, are duplicated unsupported costs as stated in Finding 2.

[18] Of these 78 students, Houston reported 61 students as displaced, even though they did not change schools, or the students were identified as homeless because of Hurricane Harvey but remained enrolled in their home campus and were not displaced students per the Federal definition.

Results of Sample Testing at Goose Creek

As shown in Table 4, of the 120 students that we sampled for Goose Creek, we identified 22 students who should not have been considered displaced in the quarter we tested. As a result, we estimate and recommend the return of $331,658 in Emergency Impact Aid program funds that were allocated and spent for unsupported students in the three displaced categories. We estimate at least this amount, with 90 percent confidence.

We also determined that Goose Creek underreported its displaced student data count for English language learner students by two students and overreported its displaced student data count for other students by six students. We concluded that this improper reporting led to Goose Creek receiving a net $8,229 in overpayment of Emergency Impact Aid program funds, which consisted of $12,718 in overpayment for the 6 students overreported, minus $4,489 in underpayment for the 2 students underreported. This $8,229 is unsupported. However, because these students were covered in our projection of unsupported displaced students as discussed above, we are not recommending return of these funds.

Table 4. Results of Sample Student Testing at Goose Creek

Displaced Category	Displaced Students (Sum of all Four Quarters)*	Sample Size	Students Incorrectly Counted as Displaced in Tested Quarter	Percent of Students in Sample Incorrectly Counted as Displaced
Students with Disabilities	86	35	6	17%
English Language Learner Students	105	35	5	14%
Other Students	849	50	11	22%
Total	**1,040**	**120**	**22**	**Not Applicable**

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

Results of Sample Testing at Spring

Spring could not provide a reliable universe of the displaced students. Specifically, it did not have an accurate archived backup of displaced student count data that reflected the detail of what it reported to Texas. Spring did provide the original student data file that it used to prepare the counts reported to Texas, which included students and their related crisis codes and enrollment dates. Therefore, we performed alternate procedures using this data, and tested a sample of 40 students (unduplicated by reporting quarter) to determine whether students were correctly identified as

displaced. As shown in Table 5, of the 40 students that we sampled, we identified 10 students who were incorrectly identified as displaced (25 percent).

Table 5. Results of Sample Student Testing at Spring

Displaced Category	Universe of Displaced Students (Total Students)*	Sample Size	Students Incorrectly Counted as Displaced	Percent of Students in Sample Incorrectly Counted as Displaced
Students with Disabilities, English Language Learner Students, and Other Students	497	40	10	25%

* This universe accounts for each reported displaced student only once, regardless of whether they were reported in multiple quarters.

Because of Spring's data reliability issues, we were not able to perform testing that would allow us to project an estimate of unsupported displaced students in each category. However, out of a universe of 489 displaced students reported for the fourth quarter, we determined that Spring overreported its count by 150 students. This was in addition to the 10 students mentioned above from our sample who were incorrectly identified as displaced. We concluded that this improper reporting led to Spring receiving an overpayment of at least $366,706 in Emergency Impact Aid program funds, which consisted of $317,953 for the 150 students overreported and $48,753 for the 10 students that we sampled.[19]

Recommendations

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

1.1 Develop and implement effective policies and procedures that include guidance for Texas and its LEAs to track student enrollment in the event of a disaster in order to document and accurately report data.

1.2 Develop and implement policies and 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.

---

[19] We conservatively calculated a minimum unsupported amount of $317,953, based on the $2,119.69 Spring would have received for each displaced student not reported as a child with a disability or English language learner. This unsupported $317,953 would be higher if any of the displaced students were students with disabilities or English language learners.

1.3 Revise, for any future Emergency Impact Aid program grants, (1) its reasonableness check for displaced student data counts to identify and follow up with LEAs regarding student counts that are identical in applications and weekly submissions, or that increase over all four quarters; and (2) its annual desk reviews to include steps to review Emergency Impact Aid program displaced student count data.

1.4 Provide support for the unsupported displaced student data counts at Houston, Goose Creek, and Spring, or return $10,551,519 million in Emergency Impact Aid program funds received based on unsupported displaced student count data. This amount includes $874,665 of duplicated unsupported funds noted in Finding 2.

1.5 Identify all LEAs with reported displaced student counts, including Spring, that matched PEIMS data or that increased by quarter; review support for all, or a statistically valid sample of students reported as displaced by quarter; and return any funds related to unsupported displaced student counts.

Texas's Comments

Texas disagreed with the finding but did not state whether it agreed or disagreed with the corresponding recommendations. In its comments, Texas stated that it provided guidance and training to LEAs on data collection, calculated appropriate allocations, and implemented a reasonableness check of student count data. Texas also stated that it followed up on significant variances identified with the reasonableness check and required that data be corrected and resubmitted when applicable. Finally, Texas stated that we did not correctly explain that the crisis code data were the correct data source for identifying students and that the weekly submission data were aggregated.

OIG Response

Texas's comments did not include any new evidence to support its disagreement with the finding, so we modified the finding for clarity but did not change the recommendations. Texas did not provide evidence that the guidance and training it provided to LEAs instructed them not to use crisis code data alone to count displaced students. Texas also did not provide evidence that its allocations to LEAs were based on accurate displaced student counts. Finally, Texas did not explain why following up on the largest differences between two data sources identified with the reasonableness check was appropriate, when identical student counts between the two sources would have indicated a potential problem—specifically, that the LEAs obtained cumulative displaced student count data directly from their weekly submissions data for input into their applications.

We modified our statement regarding the crisis code data to no longer state that Texas determined that crisis code data collected in the weekly submissions were not sufficient

as the only source. However, we did not modify our finding that the crisis code data were not sufficient as the only source for reporting displaced student counts to the Department, because those data were aggregated and could not be reported to the Department without using it in conjunction with other enrollment data. Our finding was based on Texas's electronic communications to the LEAs stating that it had not collected student count data as required by the Department and would, therefore, need to collect additional information in the LEA applications for Emergency Impact Aid program funds. Also, the Director of Texas's Information Technology Services Business Management Division explained how LEAs would have to consider both the crisis codes and enrollment data to provide accurate quarterly displaced student counts in their applications.

Finding 2. Texas Did Not Ensure That LEAs Used Emergency Impact Aid Program Funds in Accordance with Applicable Federal Requirements

Texas's system of internal control over LEAs' use of Emergency Impact Aid program funds did not ensure that (1) LEAs accounted for Emergency Impact Aid program funds received for students reported as children with disabilities in accordance with Federal requirements and (2) LEAs used Emergency Impact Aid program funds to pay salaries only for employees who supported schools with displaced students. As a result, Texas provided about $1.94 million[20] in unsupported costs for students reported as children with disabilities at the three LEAs we reviewed and $750,088 in unsupported costs for employees who worked at schools for which no displaced students were reported at two LEAs we reviewed (Houston and Goose Creek).

Regarding LEAs' use of funds for students with disabilities, in particular, Texas conducted focused desk reviews of three LEAs and determined that they used Emergency Impact Aid program funds allocated for students with disabilities for allowable purposes.[21] However, because Texas did not identify Emergency Impact Aid program funds by student type in its LEA award notifications, there is an increased risk that other LEAs did not separately record and track these funds to ensure that they used the funds to pay for special education and related services consistent with the Individuals with Disabilities Education Act.

Texas Did Not Ensure That LEAs Properly Accounted for or Used Funds Received for Students with Disabilities

Texas's internal controls did not ensure that the LEAs we reviewed properly accounted for Emergency Impact Aid program funds received for students reported as children with disabilities. Texas's award notifications to the LEAs did not identify Emergency Impact Aid program funds by student type (children with disabilities, English language learners, or all other displaced students). We found that none of the three LEAs

---

[20] $874,665 of this amount ($837,900 for Houston and $36,765 for Goose Creek) is duplicated unsupported costs between Finding 1 and Finding 2.

[21] This statement is based on conclusions in the final reports that Texas issued to the three LEAs. We did not review the supporting documentation for Texas's conclusions. These final reports did not express an opinion on whether the LEAs accounted for funds received for students reported as children with disabilities in accordance with Federal requirements.

reviewed (Houston, Goose Creek, and Spring) accounted for the Emergency Impact Aid program funds received for students with disabilities in accordance with Federal requirements.

Texas provided all Emergency Impact Aid program funds, including funds for students reported as children with disabilities, to each LEA in a lump-sum payment. Texas also provided LEAs with a link to the Department's 2018 FAQ for the Emergency Impact Aid program, which states that Emergency Impact Aid program funds provided for displaced students reported as children with disabilities must be recorded and tracked separately from funds provided for students without disabilities. However, its award notifications did not separately identify those funds.

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 the Individuals with Disabilities Education Act 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 supplement, not supplant, requirements.

In addition to not accounting for funds in accordance with Federal requirements, we also found that none of the three LEAs that we reviewed had adequate documentation to support that these funds paid for special education and related services consistent with the Individuals with Disabilities Education Act. As mentioned in Finding 1, Texas's monitoring division completed focused desk reviews of the Emergency Impact Aid program at three LEAs.[22] The reviews included a determination of whether the LEAs used Emergency Impact Aid program funds allocated for students with disabilities for allowable purposes. Texas added this step to their focused desk reviews after we discussed this issue with them during a follow-up visit in June 2019. Texas found that the three LEAs it reviewed used the funds allocated for students with disabilities for allowable purposes. However, its award notifications to the LEAs did not identify Emergency Impact Aid program funds by student type (children with disabilities, English language learners, or all other displaced students), increasing the risk that other LEAs did not separately record and track these funds to ensure that they used the funds to

[22] Texas did not review the same LEAs that we reviewed.

pay for special education and related services consistent with the Individuals with Disabilities Education Act.

Texas'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." The Grant Award Notification listed an award amount of $19,635,000 for children with disabilities in Texas public schools.

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."

Texas provided guidance to LEAs to assist them with spending Emergency Impact Aid program funds, including a link to the Department's 2018 FAQ for the Emergency Impact Aid program, which in part required that funds provided for students with disabilities be separately recorded and tracked. However, even though officials from all three LEAs acknowledged receiving the FAQ, they stated that they were not aware of this requirement. Texas's application template for LEAs included specific provisions and assurances for LEAs, including an assurance that all funds must be used for allowable Emergency Impact Aid program purposes, as listed in the FAQ. Texas's guidance on how to account for and expend Emergency Impact Aid program funds was limited to the information in its Grant Announcement Letter and the communications and training previously discussed in Finding 1.

Texas did not have adequate policies and procedures for monitoring the Emergency Impact Aid program because, according to Texas's Associate Commissioner for Contracts, Grants, and Financial Administration, Texas did not have adequate resources to perform additional monitoring of the LEAs. In its application to the Department for Emergency Impact Aid program funds, Texas certified that it would comply with Federal requirements that included the requirements for monitoring its LEAs as prescribed in 2 C.F.R. § 200.331(d).

Because Texas did not ensure that the three LEAs we reviewed properly accounted for or used Emergency Impact Aid program funds received for students reported as children with disabilities, unsupported costs for these three LEAs totaled about $1.94 million, including $1.37 million for Houston, $214,000 for Goose Creek, and $352,000 for Spring. If other Texas LEAs that received Emergency Impact Aid program funds did not separately account for Emergency Impact Aid program funds, an additional portion of the $19,635,000 that Texas received for children with disabilities in Texas public schools

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

Texas Did Not Ensure That LEAs Used Emergency Impact Aid Program Funds for Employees Supporting Schools with Displaced Students

Texas's internal controls did not ensure that two of the three LEAs we reviewed used Emergency Impact Aid program funds to pay for employees at schools enrolling displaced students.[23] Texas provided Emergency Impact Aid program funds to its LEAs with instructions to use the funds for activities and services related to serving displaced students. However, Texas did not monitor LEAs' Emergency Impact Aid program expenditures to ensure funds paid for salaries of employees in schools enrolling displaced students.

Texas's Grant Announcement Letter to LEAs, dated August 24, 2018, informed LEAs that "while the activities and services provided with Emergency Impact Aid program funds must be related to serving displaced students, there is no requirement that they be provided only to those students. LEAs may use the funds to support allowable activities in which both displaced and other students participate." Texas also provided LEAs with a link to the Department's 2018 FAQ for the Emergency Impact Aid program, which includes similar language. All three LEAs we reviewed were aware of this document.

We found that both Houston and Goose Creek used Emergency Impact Aid program funds to pay for the salaries of employees who did not serve displaced students. When identifying employees who worked with displaced students and who should therefore be paid with Emergency Impact Aid program funds, both Houston and Goose Creek included employees at schools that served students with the 5C crisis code (homeless because of Hurricane Harvey), but who did not meet the Federal definition of a displaced student because they did not enroll in a different school as a result of a covered disaster. Specifically, we found the following.

- For Houston, 2 of 50 employees in our sample worked at schools for which no displaced students were reported. These two employees in our sample were paid $5,750 in Emergency Impact Aid program funds. Because we identified these two employees in our sample, we reviewed all Houston employees paid with Emergency Impact Aid program funds to determine whether they worked at schools with displaced students. Of the overall universe of expenditures that Houston charged to the Emergency Impact Aid program for payroll

[23] We did not identify any issues with Spring's payroll and nonpayroll expenditures.

($16,905,503 paid for 1,899 employees), it used $650,964 in Emergency Impact Aid program funds to pay the salaries of 72 employees who worked at 12 schools that did not have any reported displaced students; an amount that is unsupported.[24]

- For Goose Creek, 1 of 50 employees in our sample worked at a school for which no displaced students were reported. This employee was paid $3,034 in Emergency Impact Aid program funds. Because we identified this employee in our sample, we reviewed all Goose Creek employees paid with Emergency Impact Aid program funds to determine whether they worked at schools with displaced students. Of the overall universe of expenditures that Goose Creek charged to the Emergency Impact Aid program for payroll ($2,212,807 paid for 212 employees), it used $99,124 in Emergency Impact Aid program funds to pay the salaries of 9 employees who worked at 2 schools that did not have any reported displaced students; an amount that is unsupported.

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

Texas's monitoring division performed focused desk reviews of the Emergency Impact Aid program at three LEAs in Texas that were awarded program funds. These desk reviews included a review of program expenditures and a determination of whether school employees paid with program funds worked at schools that supported displaced students. However, because Texas started these reviews after the December 31, 2018, deadline for LEAs to obligate program funds, any unallowable expenses that Texas finds would have to be returned to the Federal government and could not be reallocated to other allowable costs. As a result of the LEAs not complying with Section 107(e) of the HERA, we identified $750,088 ($650,964 + $99,124) in unsupported Emergency Impact Aid program funds at two LEAs.

Federal Requirements Regarding Internal Controls and Monitoring of Federal Awards

As noted in Finding 1, a non-Federal entity, such as Texas, is required to establish and maintain effective internal control over Federal awards that provides reasonable assurance that it is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the awards (2 C.F.R. 200.303(a)).

---

[24] The unsupported amounts for our samples and universes for Houston and Goose Creek might be higher because some students may have been improperly reported as displaced to Texas.

Non-Federal entities are also responsible for monitoring their activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved; monitoring must cover each program, function or activity (2 C.F.R. 200.328(a)). In addition, all pass-through entities are required to monitor the activities of their subrecipients as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward (2 C.F.R. 200.331(d)).

Recommendations

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

2.1 Provide support showing that the three LEAs we reviewed properly used Emergency Impact Aid program funds for students reported as students with disabilities or return $1.94 million to the Department. This amount includes $874,665 of duplicated unsupported funds noted in Finding 1.

2.2 Provide support demonstrating that employees in Houston and Goose Creek worked at schools with displaced students or return $750,088 to the Department.

2.3 Determine whether other Texas 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 these LEAs that did not separately account for these funds, review support to determine whether they properly used these funds and return any funds that were not properly used.

2.4 Develop procedures for providing guidance and monitoring of future emergency funding from the Department to ensure that (1) award notifications to the LEAs identify Emergency Impact Aid program funds by student type (including children with disabilities) and (2) as part of annual desk reviews, it determines whether LEAs separately recorded and tracked these funds

2.5 Develop controls to provide reasonable assurance that LEAs use funds received for displaced students for activities and services related to serving displaced students.

Texas's Comments

Texas generally disagreed with the finding. Texas stated that, even though it did not require LEAs to specify the use of Emergency Impact Aid program funds for students with disabilities, students with disabilities received reasonable services from the funds

and were not discriminated against during LEAs' use of funds for activities that served all students. In addition, Texas stated most LEAs used Emergency Impact Aid program funds for broad educational activities that served all students on each campus, including students with disabilities. In response to our finding that Texas did not ensure that LEAs used Emergency Impact Aid program funds for employees supporting schools with displaced students, Texas stated that we only identified three employees (3 percent) in the sample who were paid with Emergency Impact Aid program funds and did not work at eligible campuses. Texas did not state whether it agreed or disagreed with recommendations 2.1 through 2.3 but stated that it would take corrective action if required by the program office. Texas agreed with recommendations 2.4 and 2.5.

OIG Response

We did not revise the finding or recommendations based on Texas's comments.

In its response to our finding regarding funds received for students with disabilities, Texas did not provide evidence that LEAs separately recorded and tracked Emergency Impact Aid program funds received for students with disabilities. Texas also did not provide evidence that LEAs met the requirements of Section 107(e) of the Hurricane Education Recovery Act, which requires LEAs to use the funds to pay for special education and related services consistent with the Individuals with Disabilities Education Act. Importantly, we did not conclude that LEAs discriminated against students with disabilities.

In response to our finding regarding Texas not ensuring that LEAs used Emergency Impact Aid program funds only for employees supporting schools with displaced students, Texas did not provide evidence that any of the employees in Houston and Goose Creek who were paid with the $750,088 in unsupported Emergency Impact Aid program funds supported displaced students. Because we identified employees in our samples who were paid with Emergency Impact Aid program funds and did not work at schools with displaced students, we expanded our review and identified additional Houston and Goose Creek employees who were paid with Emergency Impact Aid program funds and did not work at schools with displaced students.

Other Matter. LEAs Held Excess Cash

We identified four LEAs (not reviewed as part of our audit) that returned Emergency Impact Aid program funds to Texas after December 31, 2018, the deadline for obligating those funds. These four LEAs held Emergency Impact Aid program funds for at least 192 days and up to 248 days, as shown in Table 6.

Table 6. Excess Emergency Impact Aid Program Funds Held by Texas LEAs

LEA	Allocation	Date Received	Date Returned	Number of Days Each LEA Held the Funds
LEA 1	$2,291,257	10/19/2018	6/24/2019	248
LEA 2	$112,468	10/19/2018	6/3/2019	227
LEA 3	$46,633	9/14/2018	4/29/2019	227
LEA 4	$27,680	10/19/2018	4/29/2019	192

On September 25, 2019, after meeting with the Department's Disaster Recovery Unit, Texas received guidance from the Department stating that the LEAs owed interest earned on Federal funds, less a $500 allowance for the cost of maintaining each account. As of the issuance date of this final audit report, Texas had not provided confirmation that interest earned on the returned funds was paid back to the Federal government, if applicable.

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

Texas's Comments

Texas did not provide any comments on the Other Matter section.

Appendix A. Scope and Methodology

We reviewed Texas's systems of internal control for the administration of Emergency Impact Aid program funds. Specifically, we reviewed Texas'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 Texas's internal controls for the period July 1, 2017, through June 30, 2019.

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

- Gained an understanding of and evaluated Texas'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 Texas's application to the Department for the Emergency Impact Aid program to gain an understanding of its eligibility and displaced student count data.
- Reviewed obligation and expenditure data to ensure applicable laws and regulations were followed.
- Reviewed displaced student count data from Texas that compared fourth quarter data due from LEAs in June 2018 to LEAs' aggregate PEIMS data (reported weekly) as of March 9, 2018.
- Interviewed Texas officials responsible for administering the Emergency Impact Aid program and reviewed their monitoring protocols and tools to determine whether they adequately assessed the reliability of displaced student count data and adequately monitored LEAs' displaced student count data and expenditures.
- Followed up on corrective actions implemented for a 2007 OIG report on Texas's internal controls for the Emergency Impact Aid program (ED-OIG/A06G0009).
- Identified and reviewed written policies and procedures and training provided to Texas and LEA employees for the submission of displaced student count data and determined whether the information was adequate to help ensure that displaced student count data were accurate and complete.
- Gained an understanding of Federal law, regulations, and guidance relevant to our audit objectives, including:
    - The Bipartisan Budget Act of 2018;

- 2 C.F.R. 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; and
- the Department's 2018 FAQ for the Emergency Impact Aid program.

To achieve our audit objectives, we also judgmentally selected three LEAs in Texas for review and performed the following procedures at each LEA:

- Gained an understanding of internal controls in place to ensure applicable laws and regulations for counting and reporting displaced students were followed and that displaced student count data were accurate and complete.
- Reviewed LEA-level policies and procedures for administering the Emergency Impact Aid program.
- Interviewed key LEA officials responsible for monitoring and oversight of displaced student count data.
- Determined whether LEAs accurately identified displaced students. To accomplish this, through sampling, we determined whether school records supported displaced student count data (that is, that displaced students attended a school other than the school they attended before the disaster on the applicable count dates, and were correctly categorized as displaced students). 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 one week 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 student aid questionnaires, 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 program funds that LEAs received from Texas were supported by the displaced student counts.
- Reviewed LEAs' Emergency Impact Aid program obligation and expenditure information to determine whether the terms of the grant and applicable laws and regulations were followed. To accomplish this, we reviewed LEAs' accounting records and performed testing of a sample of expenditures. See the tables below for details on our selected samples of payroll and nonpayroll expenditures at the LEAs.
- Interviewed the IPAs who performed the single audits for our three selected LEAs to gain an understanding of the work they performed related to the Emergency Impact Aid program.

- Reviewed expenditure data to determine whether the LEAs (1) separately recorded and tracked funds provided for displaced students reported as children with disabilities from funds provided for students without disabilities and (2) used the funds to pay for special education and related services consistent with the Individuals with Disabilities Education Act.

LEA Selections

We judgmentally selected 3 LEAs out of 247 LEAs in Texas that were awarded Emergency Impact Aid program funds for school year 2017–2018. We selected LEAs based on their total award amounts and the types of expenditures that they charged to the grant. Specifically, we selected Houston because it received the largest total Emergency Impact Aid program payments in Texas. We selected Goose Creek and Spring because of their large total Emergency Impact Aid program payments and because they had expenditures that were not related to instructional salary. These three LEAs received about $23.1 million of the $174.2 million in Emergency Impact Aid program funds that Texas was awarded (13 percent).

Sampling Methodology

Displaced Student Count Testing at Selected LEAs

To determine whether Texas's systems of internal control ensured that the displaced student count data provided to the Department were accurate and complete, we conducted testing at the three LEAs we reviewed. For all three LEAs, we tested students' eligibility for being classified as displaced students as of the quarterly dates specified by Texas for school year 2017–2018. For Houston and Goose Creek, we selected a 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. Therefore, any students who appeared in all four quarters could have been selected up to four times for the statistical sample. Spring did not have documentation to support the quarterly student counts that it reported to Texas, including which students it reported. Spring could only provide the file that it used in May 2018 to calculate the displaced student quarterly counts. Using this file, we attempted to identify which students Spring likely reported as displaced to Texas for each quarter. We identified students supporting the displaced student counts for the first three quarters, with no significant differences, but could not identify 150 of the students reported for the fourth quarter (see Finding 2). Because we could not rely on Spring's universe of students, we were unable to perform testing with the intent to project our sample to the LEA's universe. Therefore, we tested a simple random sample of 40 students, not separated by quarter or displacement category, with no intent to project. Tables 7, 8, and 9 show the universes and sample sizes at the three LEAs selected. We determined these sample sizes based on the universe sizes and our

assessment of risk. The results of the samples for Houston and Goose Creek are projectable to their respective universes. The results of the sample for Spring are not projectable.

Table 7. Displaced Student Sample Sizes for Testing at Houston

Displaced Category	Universe of Displaced Students (Sum of all Four Quarters)*	Sample Size
Students with Disabilities	600	50
English Language Learner Students	1,608	50
Other Students	5,567	50
Total	**7,775**	**150**

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

Table 8. Displaced Student Sample Sizes for Testing at Goose Creek

Displaced Category	Universe of Displaced Students (Sum of all Four Quarters)*	Sample Size
Students with Disabilities	86	35
English Language Learner Students	105	35
Other Students	849	50
Total	**1,040**	**120**

* 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 Spring

Displaced Category	Universe of Displaced Students (Total Students)*	Sample Size
Students with Disabilities, English Language Learner Students, and Other Students	497	40

* This universe accounts for each reported displaced student only once, regardless of whether they were reported in multiple quarters.

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 Texas.

- Supporting documentation confirmed that reported displaced students resided in the area of a covered disaster or emergency one 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 Selected LEAs

To determine whether Texas's systems of internal control ensured that LEAs used Emergency Impact Aid program funds in accordance with applicable Federal requirements, we tested expenditures at all three selected LEAs.

- Houston expended all its Emergency Impact Aid program funds for payroll transactions for school year 2017–2018. From a universe of 6,054 transactions, with each transaction representing 1 pay period for 1 employee, we randomly selected 50 to test.
- Goose Creek expended all its Emergency Impact Aid program funds, net of $45,159 for administrative costs, for payroll transactions for school year 2017–2018. From a universe of 212 transactions, with each transaction representing the total salary for one employee charged to the grant, we selected 50 transactions to test. We judgmentally selected the 6 largest transactions and randomly selected 44 transactions to test.
- Spring expended its funds for payroll and nonpayroll transactions for school year 2017–2018. From a universe of 1,301 payroll transactions, with each transaction representing 1 pay period for 1 employee, we selected 50 payroll transactions to test. We judgmentally selected the 8 largest transactions and randomly selected 42 transactions to test. From a universe of 11 nonpayroll transactions, we judgmentally selected (based on date and dollar amount) 3 transactions to test. Tables 10 and 11 include the details on the universes and sample sizes for the 3 LEAs we reviewed.

Table 10. Payroll Expenditure Sample Sizes for Testing at LEAs

LEA	Total Expenditures	Universe of Transactions	Sample Size	Total Expenditures Sampled
Houston	$16,905,503	6,054	50	$135,119
Goose Creek	$2,212,807	212	50	$637,649
Spring	$3,040,792	1,301	50	$143,308

Table 11. Nonpayroll Expenditure Sample Sizes for Testing at LEAs

LEA	Total Expenditures	Universe of Transactions	Sample Size	Total Expenditures Sampled
Houston	$0	0	0	$0
Goose Creek	$0	0	0	$0
Spring	$404,822	11	3	$190,490

For the selected expenditures, we:

- Determined whether the LEAs followed appropriate regulations regarding use of funds.
- Determined whether employees identified in payroll testing were employed at schools with displaced students.[25]
- Determined whether the expenditures tested were reasonable and not also paid for by other Federal sources.

The results of our expenditure testing cannot be projected to the universe of expenditures. However, for Houston and Goose Creek, because we identified employees in our expenditure samples who were paid with Emergency Impact Aid program funds and did not work at schools with displaced students, we reviewed all 1,899 Houston and all 212 Goose Creek employees paid with Emergency Impact Aid program funds to determine whether they worked at schools with displaced students.

---

[25] Because we identified employees in our samples for Houston and Goose Creek who were not employed at schools with displaced students, we reviewed the universes of all employees paid with Emergency Impact Aid program funds to determine whether they worked at schools with displaced students.

Internal Control

We assessed Texas'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 Texas 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 Texas 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 Texas provided to the Department and confirm that Texas's allocations of Emergency Impact Aid program funds to its LEAs were correct. We also used this data to judgmentally select three LEAs to test the accuracy and completeness of displaced student count data and expenditures. To confirm the sufficiency and appropriateness of the data Texas provided, we reviewed, for the three LEAs we selected, Parts 1 and 2 of the applications the LEAs submitted (included displaced student count data and budgeted Emergency Impact Aid program amounts) and the LEAs' accounting records (documented Emergency Impact Aid program funds received from Texas).

We also relied on student enrollment and expenditure data from our selected LEAs' student information and accounting systems. To assess the sufficiency and appropriateness of the student enrollment data in the LEAs' student information systems, we compared data elements from those systems to school-level supporting documentation, such as enrollment forms and student assistance questionnaires. Also, we reviewed documentation for disabled students and English language learner students, including student development plans, to confirm that the students met the criteria for those displaced student categories. To assess the sufficiency and appropriateness of the expenditure data in the LEAs' accounting records, we reviewed payroll ledgers detailing payroll transactions, personnel files detailing employee location, time period employed, position title, and salary. Based on the work performed, we determined that the data were sufficiently reliable for the objectives of our audit.

We conducted our audit at Texas's offices in Austin, Texas; Houston's and Spring's offices in Houston, Texas; Goose Creek's offices in Baytown, Texas; and our offices (located in New York, New York; Chicago, Illinois; Dallas, Texas; and Sacramento, California), from December 2018 through September 2019. We discussed the results of our audit with Texas officials on September 12, 2019.

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
Department	U.S. Department of Education
Emergency Impact Aid	Temporary Emergency Impact Aid for Displaced Students
FAQ	Frequently Asked Questions
Federal Fiscal Monitoring Division	monitoring division
Goose Creek	Goose Creek Consolidated Independent School District
HERA	Hurricane Education Recovery Act
Houston	Houston Independent School District
IPA	independent public accountant
LEA	local educational agency
OIG	Office of Inspector General
PEIMS	Public Education Information Management System
SEA	State educational agency
Spring	Spring Independent School District
Texas	Texas Education Agency

Texas's Comments

Texas Education Agency
Commissioner Mike Morath
1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • tea.texas.gov

January 27, 2020

Alyce Frazier
Regional Inspector General for Audit
alyce.frazier@ed.gov

RE: Draft Audit Report, "Texas Education Agency's Administration of the Temporary Emergency Impact Aid for Displaced Students Program," Control Number ED-OIG/A02T0001,

Please find below TEA's response to the above-mentioned report.

TEA General Comments

TEA appreciates the OIG's thorough review of the EIA program. Hurricane Harvey was a devastating disaster that impacted, and continues to impact, many LEAs in south eastern Texas. Overall, TEA staff took on additional responsibilities to award these federal disaster grant funds and implement compliant programs. The funds came to the state late, nearing a year after the disaster which complicated the implementation of the grant program for affected LEAs. TEA and LEAs worked to implement the program effectively and efficiently to the best of their abilities in the time and situation. TEA followed its standard grant policies and procedures and monitored grant recipients. The timelines required by USDE and statute for data collection and data reporting for eligibility add to the difficulty in implementation of this grant program. While TEA agrees compliance with federal statute is of utmost importance, consideration needs to be given in such disasters.

Findings

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

TEA disagrees with this finding.

TEA and LEAs implemented requirements to the best of their abilities under the circumstances and required timelines. TEA provided guidance and training to LEAs on the data collection for displaced students and calculated appropriate allocations based on the data submitted by LEAs. TEA further implemented a reasonableness check of the data by comparing the displaced student count data submitted months after the fact, to prior PEIMS crisis code data collected in real-time. When there were significant variances, program staff contacted LEAs and discussed the

data requirements. When applicable, TEA required the data to be corrected and resubmitted for grant allocation purposes.

The following statement from the draft report is incorrect. This inaccuracy was explained to the auditors.
Because Texas determined that the crisis code data collected in the weekly submissions were not sufficient as the only source for reporting displaced student counts to the Department, it required LEAs to report displaced student counts in their applications.

The crisis code data were the correct data source for identifying the students. The supplemental data collection even referenced the correct crisis codes to report for each indicator. The issue with the original weekly data was that the data was not stored by weekly submission and continuously aggregated.

Finding 2. Texas Did Not Ensure That LEAs Used Emergency Impact Aid Program Funds in Accordance with Applicable Federal Requirements

TEA generally disagrees with this finding.

In response to "Texas Did Not Ensure That LEAs Properly Accounted for or Used Funds Received for Students with Disabilities," while TEA did not require LEAs to specify the use of EIA funds for students with disabilities in the LEA application process, students with disabilities received reasonable services from the EIA funds. Most LEAs used EIA funds for broad educational activities that served all students on the campus, including students with disabilities. Students with disabilities were not discriminated against by LEAs in the use of the EIA funds.

In response to "Texas Did Not Ensure That LEAs Used Emergency Impact Aid Program Funds for Employees Supporting Schools with Displaced Students," OIG did identify a limited number of employees paid with EIA funds that did not work at eligible campuses. However, only three employees in the sample were identified, equating to 3% of the sample tested.

Recommendations:

OIG recommends that the Assistant Secretary for the Office of Elementary and Secondary Education require Texas to—

2.1 Provide support showing that the three LEAs we reviewed properly used Emergency Impact Aid program funds for students reported as students with disabilities or return $1.94 million to the Department. This amount includes $874,665 of duplicated unsupported funds noted in Finding 1.

Proposed Corrective Action:
If required by the USDE program office to do so, the program office will refer the three LEAs to the federal enforcement officer to require a refund of the questioned costs.

Targeted Completion Date: 60 days after notification from the USDE program office.

2.2 Provide support demonstrating that employees in Houston and Goose Creek worked at schools with displaced students or return $750,088 to the Department.

Proposed Corrective Action:
If required by the USDE program office to do so, the program office will refer the LEAs to the federal enforcement officer to require a refund of the questioned costs.

Targeted Completion Date: 60 days after notification from the USDE program office.

2.3 Determine whether other Texas 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 these LEAs that did not separately account for these funds, review support to determine whether they properly used these funds and return any funds that were not properly used.

Proposed Corrective Action:
If required by the USDE program office to do so, the Federal Fiscal Monitoring Division will conduct a review of a random sample of other EIA grant recipients to determine whether they properly used these funds and return any funds that were not properly used.

Targeted Completion Date: 120 days after notification from the USDE program office.

2.4 Develop procedures for providing guidance and monitoring of future emergency funding from the Department to ensure that (1) award notifications to the LEAs identify Emergency Impact Aid program funds by student type (including children with disabilities) and (2) as part of annual desk reviews, it determines whether LEAs separately recorded and tracked these funds.

TEA concurs with this recommendation.

Targeted Completion Date: August 30, 2020

2.5 Develop controls to provide reasonable assurance that LEAs use funds received for displaced students for activities and services related to serving displaced students.

TEA concurs with this recommendation.

Targeted Completion Date: August 30, 2020

If you have any questions regarding this response, please contact me.

Sincerely,

Cory Green, Associate Commissioner
Department of Grant Compliance and Administration