

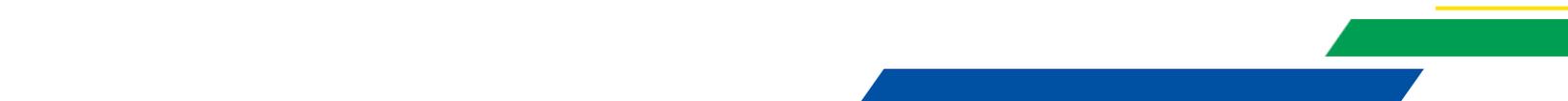
U.S. Department of Education
Rural, Insular, and Native Achievement Programs



**Rural and Low-Income School Program/Specially
Qualified Agencies**

Fiscal Year 2021 Monitoring Report Hydaburg City School District

January 3, 2022





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Monitoring Information

Process

The Office of Rural, Insular, and Native Achievement Programs (RINAP) is committed to supporting Rural and Low-Income School-Specially Qualified Agency (RLIS-SQA) program grantees as they implement Federal grant programs. Part of this commitment includes a monitoring process designed to not only address RINAP's responsibilities for fiscal and programmatic oversight, but to also identify areas in which grantees need assistance and support to meet their goals and obligations. The monitoring process is anchored around ongoing conversations between RINAP program officers and grantees and is conducted using both off-site (desk) monitoring, as well as on-site monitoring visits to grantees.

The goal of the monitoring process is to conduct a program-centered, performance-focused review of fiscal and program requirements through a single, streamlined process that results in improved and strengthened partnerships between United States Department of Education (the Department) and grantees. To accomplish this, the RINAP monitoring process is organized into specific grant performance topics, which reflect the programmatic and fiscal requirements of the RLIS-SQA program.

Report

This monitoring report summarizes the results of the October 14, 2021, RINAP review of Hydaburg City School District (Hydaburg) in Hydaburg, Alaska. The report is based on information provided through the monitoring process and other relevant quantitative and qualitative data. The primary goal of monitoring is to ensure that Hydaburg's implementation of the RLIS-SQA program is consistent with the fiscal, administrative, and select program requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance: 2 Code of Federal Regulations (CFR) Part 200), the Education Department General Administrative Requirements (EDGAR), and the Elementary and Secondary Education Act of 1965.¹

¹The RINAP office has chosen to focus only on select fiscal and program requirements. Because this report summarizes the results of a non-comprehensive set of fiscal and program requirements, the issuance of this report does not preclude other Department program offices, or independent auditors, from identifying areas of noncompliance that are not outlined in this report.



List of Acronyms

Department: U.S. Department of Education
DUNS: Data Universal Numbering System
EDGAR: Education Department General Administrative Requirements
ESEA: Elementary and Secondary Education Act, as amended
FTE: Full-Time Employee
FY: Fiscal Year
GEPA: General Education Provisions Act
LEA: Local Educational Agency
NCES: National Center for Education Statistics
OESE: Office of Elementary and Secondary Education
REAP: Rural Education Achievement Program
RINAP: Office of Rural, Insular, and Native Achievement Programs
RLIS: Rural and Low-Income School program
SAM: System for Award Management
SEA: State Educational Agency
SMP: Alaska Statewide Mentoring Project
SQA: Specially Qualified Agency
T&E: Time and Effort
Uniform Guidance: Uniform Guidance (2 CFR § 200)

Grantee Overview

Hydaburg City School District is a small, rural LEA located in Hydaburg, Alaska. In fiscal year 2020, Hydaburg received funds under the RLIS-SQA grant program in the amount of \$1,828.00. After being selected for monitoring, Hydaburg completed an online self-assessment and participated in a virtual monitoring interview with members of RINAP on October 14, 2021. For purposes of this review, Alice Kinney served as the lead Program Officer and Eric Schulz served as the supporting Program Officer. Leslie Poynter, REAP Group Leader, also participated in the monitoring interview and subsequent processes.



Performance Assessment

Provided below is a performance snapshot for each topic reviewed by RINAP, reflecting how well the Hydaburg is meeting specific fiscal and program requirements. Ratings are based on a four-point scale, “commendation”; “met requirements”; “recommendations”; and “action required.” Documentation indicating the completion of each required action must be provided to RINAP within 60 business days of the receipt of the final Monitoring Report. Each rating is described in more detail below:

Section I: Commendation ● ● ● ●

This section highlights the areas where the grantee has exceeded requirements and is commended on the grant administration and fiscal management as identified in Performance Assessment section of this report (i.e., those areas categorized as “met requirements with commendation”). In addition, this section provides an opportunity for RINAP to highlight those areas where the grantee has implemented an innovative or highly successful system or approach. In these areas, RINAP is not recommending or requiring the grantee to take any further action.

Section II: Met Requirements ● ● ● ○

This section identifies the areas where RINAP has determined that the grantee has met basic requirements of grant administration and fiscal management and is implementing those requirements in a satisfactory manner as identified in Performance Assessment section of this report (i.e., those areas categorized as satisfactory quality, “met requirements”). The description of satisfactory implementation by relevant area and requirement is an indication of an acceptable implementation quality level. In these areas, RINAP is not recommending or requiring the grantee to take any further action.

Section III: Recommendation ● ● ○ ○

This section identifies the areas where RINAP has quality implementation concerns related to grant administration and fiscal management as identified in Performance Assessment section of this report (i.e., those areas categorized as quality concerns, “met requirements with recommendations”). In these instances, the Department is determining that the grantee is currently complying with requirements, but that improvements could be made to improve the efficiency or effectiveness of select operations. Identified issues are grouped according to relevant area and requirement,



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with citations provided. For each issue listed, RINAP will provide a recommendation for improvement, but is not requiring the grantee to take any further action.

Section IV: Action Required ● ○ ○ ○

This section identifies the areas where RINAP has “significant compliance and quality concerns” (corresponds to “action required” in Performance Assessment section). For each issue listed, RINAP will outline the current practice, the nature of noncompliance, and the required action. Documentation indicating the completion of each required action must be provided to RINAP within 60 business days of the receipt of the final Monitoring Report.

Hydaburg City School District Monitoring Assessment

Monitoring Topic	Assessment
RLIS Goals and Objectives	Met Requirements
Uses of Funds	Met Requirements
Procurement	Met Requirements
Period of Availability	Recommendation
Equipment and Supplies Management	Recommendation
Personnel	Recommendation
Financial Management	Action Required



I. Commendation



This section highlights areas of high-quality implementation.

N/A



II. Met Requirements: RLIS Goals and Objectives



This section highlights areas of acceptable quality that are meeting expectations.

Requirement Summary

Under Section 5224 of the ESEA, each LEA receiving RLIS-SQA funds must prepare and submit an annual report to the Secretary describing the LEA's progress toward meeting the goals and objectives outlined in its RLIS-SQA application.

ESEA: [Section 5224](#)

Description

As an LEA receiving funds under the Rural Education Achievement Program's RLIS-SQA grant, Hydaburg must provide a goals and objectives statement as part of its annual application. In recent years, Hydaburg, with the involvement of the local community, has developed a school improvement framework that guides the LEA's goals, objectives, top priorities, and uses of grant funds. This dynamic framework encompasses all efforts made by the LEA and ensures that there is space for new needs that may arise.

During the monitoring interview, Hydaburg officials described reading and math proficiency as notable challenges that many students in the LEA face. Hydaburg's FY 2020 RLIS-SQA grant award went toward purchasing supplemental reading resources that aim to build upon students' success and make the required curriculum more engaging. FY 2020 RLIS-SQA funds were also used to pay for the cost of a training program associated with the supplemental resources so that the implementing teacher had a full understanding of the new material. These uses of funds align with the goals and objectives statement submitted by the LEA as well as the overarching school improvement framework.



II. Met Requirements: Uses of Funds



This section highlights areas of acceptable quality that are meeting expectations.

Requirement Summary

An LEA may only use RLIS-SQA funds for allowable costs, as defined in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* (2 C.F.R. Part 200), which include, among other things, the requirement that costs be reasonable and necessary for the accomplishment of program objectives. RLIS funds must also be used to supplement, and not supplant, other Federal, State, or local education funds. An LEA may use its RLIS-SQA funds to carry out one or more of the following:

- Activities authorized under Title I, Part A of the ESEA;
- Activities authorized under Title II, Part A of the ESEA;
- Activities authorized under Title III of the ESEA;
- Activities authorized under Title IV, Part A of the ESEA; and
- Parental involvement activities.

ESEA: [Section 5222](#)

Description

Several times throughout the school year, the Superintendent and Assistant Superintendent review the amount available in the LEA's general fund and consider how grant awards such as the RLIS-SQA grant can be used for supplemental purposes. Hydaburg receives a relatively small allocation under REAP due to the statutory funding formula. While having a smaller allocation can limit an LEA in what it may be able to accomplish with the funds, Hydaburg officials ensure that the RLIS-SQA grant uses of funds fall under the overarching school improvement framework and align with the goals and objectives statement submitted as part of the RLIS-SQA application. Additionally, Hydaburg officials ensure that the RLIS-SQA grant award is used only to supplement, and not supplant, other Federal, State, and local education funds.

During the monitoring interview, Hydaburg officials stated that FY 2020 RLIS-SQA funds support activities at the elementary level. Using the results of a student needs assessment conducted by the LEA, Hydaburg officials determined that some of the main challenges their students face are dyslexia and reading below grade level which can lead to struggles in other subjects such as math. Hydaburg used the FY 2020 RLIS-SQA grant award to purchase a supplemental reading program. Hydaburg also used these funds to pay for an accompanying teacher training program so that the new tools could be properly implemented in the classroom.



II. Met Requirements: Procurement



This section highlights areas of acceptable quality that are meeting expectations.

Requirement Summary

An SQA grantee LEA must use its own documented procurement procedures that reflect applicable Federal, State, and local laws and regulations, provided the procurements conform to applicable Federal procurement procedures when procuring goods and services using Federal funds.

Uniform Guidance: [2 C.F.R. § 200.318](#), [2 C.F.R. § 200.320](#)

Description

Hydaburg officials sufficiently described the procurement policies and procedures used for the RLIS-SQA grant award. Since expenses under this award are less than \$5,000 Hydaburg uses a regular procurement process when making expenditures. To begin this procurement process for the FY 2020 RLIS-SQA grant award, the staff member who implements the supplemental reading resources described in the Uses of Funds section above completed a purchase request which was submitted to the school principal who can either approve or disprove based on whether the good or service requested is aligned with the overarching school improvement framework. Once the request is approved, it is submitted to the Assistant Superintendent and Superintendent for financial approval. After the request for the good or service is approved, in this case the supplemental reading resources, the Business Manager and Assistant Superintendent work together to place the order, record and code the expenditure in the online accounting system, pay for the good or service, and request a reimbursement from the appropriate grant award (here, the RLIS-SQA grant in the G5 system).



III. Recommendation: Period of Availability



This section highlights areas with quality implementation concerns.

Requirement Summary

An SQA grantee may only use RLIS-SQA funds for allowable costs obligated during the prescribed period of availability and shall liquidate all obligations incurred under the award by the liquidation deadline outlined in the grant award notification.

EDGAR: [34 C.F.R. § 75.261\(a\)](#), [34 C.F.R. § 75.703](#), [34 C.F.R. § 75.707](#)
Uniform Guidance: [2 C.F.R. § 200.309](#), [2 C.F.R. § 200.343\(b\)](#)

Description

On an annual basis, Hydaburg receives approximately 11 Federal grants in addition to other State and local funding sources. To stay abreast of the various timelines, remaining balances, and specific requirements of each grant, officials at the LEA have recently begun a new practice of holding a monthly meeting among the individuals involved in the LEA's accounting and financial management processes. During these monthly meetings, officials review the remaining balances and periods of availability for each grant. Hydaburg officials noted during the monitoring interview that these monthly meetings have served as a helpful check point for the LEA.

While these meetings provide Hydaburg officials with the opportunity to verify that funds are expended during the period of availability, the LEA does not have written procedures in place for accessing RLIS-SQA funds from the Department's G5 system within the applicable period of availability. The LEA also noted during the monitoring interview that it uses a different fiscal year than that of the RLIS-SQA grant award, which has caused some confusion in the LEA's accounting and financial management processes.

Recommendation

The Department recommends that Hydaburg develop written policies and procedures to ensure that RLIS-SQA funds are obligated and liquidated within the applicable period of availability. Given that RLIS-SQA funds are available across multiple fiscal years, the LEA's written procedures should also include the steps necessary to ensure that the funds are available for the full duration of the grant's



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period of availability within Hydaburg's internal accounting system.



III. Recommendation: Equipment and Supplies Management



This section highlights areas with quality implementation concerns.

Requirement Summary

An SQA grantee LEA must use, manage, and dispose of equipment and supplies purchased using Federal funds in accordance with all relevant Federal laws and procedures. An LEA must also ensure that equipment and supplies are used only for authorized purposes of the project during the period of performance (or until no longer needed).

Uniform Guidance:
[2 C.F.R. §§ 200.313-314](#)

Description

During the monitoring interview, Hydaburg officials described their annual procedure for inventory and equipment and supplies management for technology items such as laptops, and larger purchases such as power tools and maintenance equipment. However, for less valuable items, such as textbooks, and classroom supplies, the LEA indicated it does not apply a standard inventory process. Hydaburg officials noted during the monitoring interview that the LEA has not developed an equipment and supplies management SOP. Hydaburg officials noted that proper and complete inventory practices and SOPs were in the process of being developed at the time of the monitoring interview.

In accordance with 2 C.F.R. § 200.313(d), management requirements, including physical inventory requirements, apply for managing equipment. 2 C.F.R. § 200.1 defines equipment as “tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.” 2 C.F.R. § 200.1 defines supplies as “all tangible personal property other than those described in the definition of equipment.”

Recommendation

The Department recommends that Hydaburg develop written policies and procedures for equipment and supplies management. The SOP should differentiate between equipment and supplies and establish thresholds for inventory requirements.



III. Recommendation: Personnel



This section highlights areas with quality implementation concerns.

Requirement Summary

An SQA grantee LEA must ensure that charges to Federal awards for salaries are based on records that accurately reflect the work performed. These records must be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated.

Uniform Guidance: [2 C.F.R. § 200.430](#)

Description

Hydaburg is not presently using its RLIS-SQA grant funds for personnel purposes, however, the LEA still described its time and effort reporting practices during the monitoring interview. Hydaburg uses a sign-in sheet process for tracking employee time and effort and clarified that if a staff member is paid a percentage out of a Federal grant, the Assistant Superintendent would run a time and effort report to confirm the percentage of time being funded by the grant. Hydaburg officials also described the LEA's practice of reviewing the time and effort recording system every 30 to 60 days. It was also noted during the monitoring interview that these processes are still being created and improved upon and are not currently described in full detail in the LEA's SOP.

Recommendation

The Department recommends that Hydaburg continue to develop written policies and procedures for their time and effort and personnel processes. Establishing standard operating procedures will help to ensure consistency across different staff members who may implement these practices.



IV. Action Required: Financial Management



This section highlights areas with significant compliance or quality concerns that require urgent attention.

Requirement Summary

An LEA receiving RLIS-SQA funds must use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for awarded RLIS funds. In general, an LEA must expend and account for Federal funds in accordance with Federal laws and regulations for expending and accounting for Federal funds. In addition, an LEA's accounting system must satisfy Federal requirements regarding the ability to track the use of funds and permit the disclosure of financial results. An LEA must also have written procedures for determining cost allowability and must maintain effective control over all funds.

EDGAR: [34 CFR § 75.702](#)
Uniform Guidance: [2 C.F.R. § 200.302](#)

Description

Hydaburg tracks and codes its expenditures in an online accounting system. The Alaska SEA provides Hydaburg with a chart of accounts that the LEA uses to code goods and services (i.e., travel, personnel, supplies, equipment, etc.). Hydaburg also uses fund accounting to ensure that each grant has a different fund code, and that grant-specific spending can be tracked.

Throughout the monitoring process, Hydaburg provided different responses for how the FY 2020 RLIS-SQA grant was used and evidence that an expenditure originally intended to be purchased with RLIS-SQA funds was coded incorrectly and paid through a different grant. Even though this expenditure was allowable through the other grant, this demonstrated a weakness in the LEA's internal fiscal controls. Additionally, while Hydaburg provided an accounting and financial management SOP as documentation alongside a condensed version that includes a flow chart, the SOP was missing key portions that were included in the table of contents.

Action Required

Within 60 business days of receiving this report Hydaburg must provide the Department with a plan for how it will update the LEA's financial management policies and procedures, including how the LEA will ensure accurate use of accounting fund codes. Such a plan will demonstrate compliance with [34 CFR § 75.702](#) and [2 C.F.R. § 200.302](#) which require the LEA to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for awarded RLIS-SQA funds. Additionally,



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the plan must address the requirement that the LEA have written procedures for determining cost allowability and maintain effective control over all funds. (2 CFR 200.302(b)).