



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

October 16, 2022

Dear Director Lebo:

On October 29, 2020, a team from the U.S. Department of Education’s (Department’s) Office of Elementary and Secondary Education (OESE) was scheduled to conduct a virtual desk review of certain aspects of the Iowa Department of Education’s (IDOE’s) administration of its Elementary and Secondary School Emergency Relief (ESSER) funds. The IDOE declined the virtual desk review. The Department proceeded with conducting a virtual desk review with IDOE’s subrecipients on November 4, 2020, and November 10, 2020.

As a result of this review, the Department transmitted a monitoring report to IDOE via email on January 19, 2021. There were four “Action Required” items (findings) identified in this report (in the Cash Management and Payment Systems, Accounting Systems and Fiscal Management, Internal Controls, and Subrecipient Monitoring sections). IDOE provided documentation to resolve these findings in emails on January 27, 2021, February 3, 2021, and March 19, 2021.

Based on a review of the documentation provided, the Department considered the findings from the Accounting Systems and Fiscal Management and Internal Controls sections of the monitoring report to be resolved and closed as of May 25, 2021. However, there were still outstanding action required items for the Cash Management and Payments Systems and Subrecipient Monitoring sections of the report with future due dates attached. The IDOE submitted all of the required documentation that had future dates attached, including the final submission on September 12, 2022, which explained that there were no IDOE LEAs that met the threshold for targeted monitoring. Based on the review of the documentation provided, the Department considers the findings from the Cash Management and Payment Systems and Subrecipient Monitoring Sections of the report to be resolved and closed as well.

See the table below for a summary of the information provided:

Office of the Governor ESSER Corrective Actions			
Action Required	Summary of documentation submitted	Further action required	Status
Cash Management & Payment Systems	1) In a February 3 email to the Department, IDOE provided three attachments (communication to subrecipients) demonstrating that the SEA has reminded all LEAs about the Uniform Guidance requirements regarding	By July 30, 2021, IDOE must provide evidence that interest accrued in excess of	Items 1-3 and 5 are resolved & closed.

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	<p>advance payments and provided LEAs that have not yet spent all ESSER I funds with both options for obligating and expending their remaining funds.</p> <p>2) The IDOE, under the supervision of Director Lebo, have assembled a team that will implement all corrective actions in the Targeted Monitoring Report. The team, led by Deputy Director Amy Williamson, has been specifically charged by Director Lebo with ensuring that the corrective actions are met and all requirements of the Cash Management Improvement Act are met.</p> <p>3) IDOE was able to provide to the Department: a. A report detailing available LEA ESSER balances as of 60 days from the date of the report; and b. Instead of returning all unspent ESSER funds to the Department's G5 management system, IDOE accounted for the spent funds.</p> <p>4) By July 30, 2021, IDOE must provide evidence that interest accrued in excess of \$500 by any LEA was remitted to the Department of Health and Human Services consistent with the requirements of 2 C.F.R. §200.305(b)(9). IDOE has not provided this evidence yet because the deadline is July, 30, 2021.</p> <p>5) On January 8, 2021, the IDOE submitted a response to the Department requesting that the conditions be reconsidered and removed with adequate reasonings. The IDOE response is as follows: <i>In response to the conditions the US Department of Education placed on the State of Iowa's ability to utilize ESSER II funding, the Iowa Department of Education requests reconsideration of the conditions for the following reasons:</i></p> <p style="padding-left: 40px;"><i>a) The Iowa Department of Education will not advance ESSER II funds to LEAs since the emergency status of the COVID pandemic no longer applies. Our</i></p>	<p>\$500 by any LEA was remitted to the Department of Health and Human Services consistent with the requirements of 2 C.F.R. §200.305(b)(9).</p>	<p>Item no. 4 is not due until July 30, 2021.</p>
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	<p><i>Department will only distribute ESSER II funds to LEAs on a reimbursement basis after the LEA submits a claim supported by the required documentation of the allowable expenditures; and</i></p> <p><i>b) As a result of using a reimbursement basis for the disbursement of ESSER II funds to subrecipients, there will be no time lapse between the transfer of funds from our Department and disbursement by the subrecipient. The subrecipient does not receive reimbursement until they have actually incurred the expenditure being funded by ESSER II. Therefore, the LEA is being reimbursed for an expense previously paid, which leaves no time lapse between transfer and disbursement.</i></p>		
<p>Accounting Systems and Fiscal Management</p>	<p>In a March 19, 2021, email to the Department, IDOE provided the following documentation:</p> <ol style="list-style-type: none"> 1. Attachment G- Prior Approval Collection- This document shows all the IDOE federal grant programs, including the CARES Act programs, that are required to seek prior approval for expending funds. 2. Attachment H- Example of an Approved Capital Expenditure Prior Approval Application: This document shows that IDOE has begun implementing the application process for subrecipients expending funds. Submitted applications are reviewed and approved by two Department staff members (i.e., level one and level two approvals). The new application was made available to districts on March 9, 2021. As of March 15, 2021, 12 Iowa LEAs have submitted requests for prior written approval. 3. Attachment I- Capital Expenditure Prior Approval Application: This application 	<p>No further action required</p>	<p>Resolved & closed</p>

	<p>is used for ESSER I, ESSER II, GEER, and all federal Title programs in the ESEA. All Iowa LEAs are required to use this application to request prior approval and have been provided with notice and instructions for using the request form.</p>		
Internal Controls	<p>1) In a March 19, 2021, email to the Department, IDOE provided their ESSER Risk Assessment and Subrecipient Monitoring Plan, showing that the IDOE developed a revised risk assessment specific to ESSER funding where IDOE reevaluates each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.</p>	No further action required	Resolved & closed
Subrecipient Monitoring	<p>1) In a March 19, 2021, email to the Department, IDOE provided their ESSER Risk Assessment and Subrecipient Monitoring Plan that includes:</p> <ul style="list-style-type: none"> a) Detailed information on how IDOE intends on monitoring LEAs and their use of ESSER funds; b) A means of tracking LEA available balances and ensuring compliance with the payment requirements in 2 C.F.R §200.305(b); c) A procedure for correcting noncompliance, including a process for LEA to potentially return funds for unallowable expenditures. <p>2) On March 19, 2021, (and every 60 days thereafter) the IDOE must provide documentation to the Department demonstrating which LEAs have been selected for additional monitoring as well as documentation of specific monitoring efforts related to actual expenses of LEA</p>	<p>The IDOE is required to update the Department on their subrecipient monitoring every 60 days from the March 19, 2021, until September 30, 2022. The upcoming deadlines are as follows:</p> <p>May 18, 2021; July 17, 2021; September 15, 2021; November 14, 2021; January 13, 2022; March 14, 2022; May 13, 2022;</p>	<p>Item 1 is resolved & closed.</p> <p>Item 2 has due dates that are all in the future.</p>

	<p>as available balances are spent down. On March 19, 2021, the IDOE informed the Department that all LEAs will be required to submit the third quarter ESSER/GEER - Quarterly Report and Claim for Reimbursement in the CASA during the third quarter collection period (April 1-30). IDOE has added a field to this submission to collect interest earned information for advanced funded amounts through March 15th. Based on Iowa's risk assessment and subrecipient monitoring plan, Davenport Community School District (CSD) has been selected for additional monitoring during the third quarter collection period. Davenport CSD will be required to submit supporting documentation of interest earned during the third quarter collection period (April 1-30).</p>	<p>July 12, 2022; September 10, 2022.</p>	
	<p>1) The IDOE submitted all of the required documentation for the dates listed below, including the final submission on September 12, 2022, which explained that there were no IDOE LEAs that met the threshold for targeted monitoring. May 18, 2021; July 17, 2021; September 15, 2021; November 14, 2021; January 13, 2022; March 14, 2022; May 13, 2022; July 12, 2022; and September 10, 2022.</p>	<p>No further action required</p>	

We would like to thank you and your teams for your hard work and assistance related to this monitoring review. We look forward to continuing to work with you and your staff to address the needs of students and families in Iowa.

If you have any questions regarding the performance review report, please do not hesitate to contact your Program Officer, Lakesha McKenzie, through the Iowa State mailbox: Iowa.OESE@ed.gov.

Sincerely,

/s/

Laura Jimenez
Director
Office of State and Grantee Relations
United States Department of Education