



U.S. Department of Education
Office of Inspector General

Tennessee Department of Education's Administration and Oversight of Emergency Assistance to Nonpublic Schools Grant Funds

November 19, 2024
ED-OIG/ A23NY0148



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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services

November 19, 2024

Governor Bill Lee
State Capital, 1st Floor
600 Dr. Martin L. King, Jr. Blvd.,
Nashville, TN 37243

Lizzette Reynolds
Commissioner of Education
Tennessee Department of Education
710 James Robertson Parkway,
Nashville, TN 37243

Dear Governor Lee and Commissioner Reynolds:

Enclosed is our final report, "Tennessee Department of Education's Administration and Oversight of Emergency Assistance to Nonpublic Schools Grant Funds," Control Number ED-OIG/ A23NY0148. This report incorporates the comments you provided in response to the draft report. The U.S. Department of Education's policy is to expedite resolution by timely acting on findings and recommendations. Therefore, 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:

Adam Schott
Principal Deputy Assistant Secretary Delegated the Authority to Perform the Functions and Duties of the Assistant Secretary, Office of Elementary and Secondary Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C

We appreciate your cooperation during this review. If you have any questions, please contact me at (214) 661-9545 or Myra.Hamilton@ed.gov.

Sincerely,

/s/

Myra Hamilton
Regional Inspector General for Audit

Enclosure



Results in Brief

Tennessee Department of Education's Administration and Oversight of Emergency Assistance to Nonpublic Schools Grant Funds

Why the OIG Performed This Work

In response to the coronavirus disease 2019 pandemic (COVID-19), Congress passed three relief acts within a 1-year period that provided more than \$275 billion for an Education Stabilization Fund to prevent, prepare for, and respond to the COVID-19, including \$5.5 billion for the Emergency Assistance to Nonpublic Schools (EANS) program. The purpose of the EANS programs is to provide services or assistance to eligible nonpublic schools to address educational disruptions caused by the COVID-19 emergency.

Effective application and oversight processes help ensure that EANS funds are appropriately allocated and used for allowable purposes in order to help eligible nonpublic schools address the needs of students, families, and educators. The Tennessee Department of Education (Tennessee) was awarded about \$146.5 million in EANS funds.

Our objectives were to determine whether Tennessee designed and implemented (1) application processes that adequately assessed nonpublic schools' eligibility for EANS-funded services or assistance and complied with other applicable requirements and (2) oversight processes to ensure that EANS-funded services or assistance were used for allowable purposes.

What Did the OIG Find?

Tennessee designed and implemented application processes that adequately assessed nonpublic schools' eligibility for EANS-funded services or assistance and complied with other applicable requirements despite not having written procedures. However, we identified several weaknesses in Tennessee's oversight of its EANS programs that could be improved.

- Tennessee did not ensure that drawdowns of CRRSA EANS funds were always supported by CRRSA EANS expenditures.
- Tennessee had not fully implemented policies and procedures for maintaining a record of assets purchased with EANS funds.
- Tennessee did not obtain prior approval for certain EANS expenditures.

What Is the Impact?

It is critical that Tennessee adequately conduct oversight of Federal funds to ensure that the funds are being expended in accordance with applicable Federal laws and regulations. Specifically, if Tennessee does not obtain sufficient supporting documentation prior to the withdrawal of Federal funds, it may lead to inaccurate accounting of program expenditures, potentially resulting in challenges related to cash management and financial or performance reporting.

Additionally, by not maintaining an inventory of assets purchased with EANS funds from the beginning of the grant period, Tennessee may not have maintained public control of those assets, resulting in an increased risk that some assets will not be accounted for; not be used for purposes related to COVID-19 or other permitted Federal program activities; or be lost, or unused.

Finally, because Tennessee did not obtain prior written approval from the U.S. Department of Education for equipment purchases that were over the \$5,000 threshold, Tennessee may have used EANS funds to purchase equipment that could have been unallowable; and there is a risk that Federal funds could be used for capital expenditure purchases.

What Are the Next Steps?

We made four recommendations to address the weaknesses we identified in Tennessee's oversight of its EANS programs. Tennessee agreed with our recommendations, and described actions it has implemented. In addition, Tennessee provided documentation to support corrective actions already taken. We summarized Tennessee's comments and provided our responses at the end of each finding. We also provided the full text of Tennessee's responses to our recommendations (See [Tennessee's Comments](#)).

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Introduction

Background

On March 13, 2020, the President declared a national emergency due to the coronavirus disease 2019 pandemic (COVID-19). In response, Congress passed three COVID-19 relief acts within a 1-year period that provided more than \$275 billion for an Education Stabilization Fund to prevent, prepare for, and respond to COVID-19, including \$5.5 billion for the Emergency Assistance to Nonpublic Schools (EANS) program.

- The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), enacted on December 27, 2020, provided \$2.75 billion in funding for State educational agencies (SEA) to provide services and assistance to non-public schools to address educational disruptions caused by COVID-19, as part of the Governor’s Emergency Education Relief Fund (GEER).
- The American Rescue Plan Act (ARP), enacted on March 11, 2021, provided another \$2.75 billion in funding to the EANS programs, bringing the total amount of EANS funding to \$5.5 billion.

Purpose of the EANS Programs

The purpose of the EANS programs is to provide services or assistance to eligible nonpublic schools to address educational disruptions caused by the COVID-19 emergency. Under the CRRSA and ARP EANS programs, governors apply to the U.S. Department of Education (Department) for formula grants for the purpose of providing emergency services or assistance to nonpublic schools. Although a Governor applies for EANS funds and has oversight responsibilities as the grantee, the statutes require that the SEA administer the programs. SEAs can use up to one-half of 1 percent of its total EANS allocation for administrative costs. SEAs can hire contractors to assist in administering and overseeing a State’s EANS programs. Importantly, nonpublic schools are not recipients of grant awards under the EANS programs but, instead, receive services or assistance provided by the SEA as requested in their application, to the extent resources are available.

SEA Administrative Responsibilities

According to CRRSA section 312(d), a SEA’s responsibilities to administer the EANS programs include the following:

- Distributing information about the EANS programs promptly to nonpublic schools in the State.

- Creating an application with which any eligible nonpublic school in the State may apply for services or assistance.
- Ensuring that eligible nonpublic schools provide the information required by section 312(d)(3)(B) related to enrollment of students from low-income families and a description of the emergency services requested from the SEA.
- Making an application easily available to nonpublic schools in the State as soon as possible but no later than 30 days after receipt of the EANS funds.
- Approving or denying each nonpublic school application promptly but no later than 30 days after the SEA receives the application from a nonpublic school.
- Determining what services or assistance the SEA will provide directly or through local educational agencies (LEA), other public entities, or contractors to each nonpublic school, as informed by an approved application and consultation, as appropriate, with the nonpublic school or its representatives.
- Ensuring the control of funds for the services or assistance provided to a nonpublic school, and title to materials, equipment, and property purchased with EANS funds, are in a public agency and a public agency administers the funds, services, assistance, materials, equipment, and property.
- Ensuring that all services or assistance provided, including any materials, equipment, and any other items used to provide such services or assistance, are limited to secular, neutral, and nonideological purposes.
- Obligating all EANS funds in an expedited and timely manner, to the extent practicable; however, obligating all EANS funds needed for services and assistance to non-public schools not later than 6 months after receiving the funds.
- Administering the EANS programs in accordance with all applicable requirements.

Additionally, on or before the date it makes its ARP EANS applications for services or assistance available to nonpublic schools, a SEA must publish on its website (1) the minimum percentage it will use to determine whether a nonpublic school enrolls a significant percentage of students from low-income families, (2) the source(s) of poverty data it will use to determine counts of students from low-income families in a nonpublic school, and (3) the factors it will use to identify nonpublic schools as most impacted by COVID-19.¹

¹ Final Requirements for ARP EANS, Federal Register, Vol. 86, No. 131, (July 13, 2021).

Nonpublic School EANS Programs Eligibility

For purposes of the EANS programs, an eligible nonpublic school is an elementary or secondary school that

- is a nonprofit;
- is accredited, licensed, or otherwise operates in accordance with State law;
- was in existence prior to the date COVID-19 was declared a national emergency (March 13, 2020); and
- did not, and will not, apply for and receive a loan under the Small Business Administration's Paycheck Protection Program (PPP) that is made on or after December 27, 2020. This limitation applies for as long as the nonpublic school is a participant in the EANS programs under the CRRSA or the ARP Acts.

The ARP Act also established separate criteria that SEAs were required to use to determine whether nonpublic schools were eligible to receive services or assistance. Under the CRRSA Act, SEAs were required to prioritize services or assistance to nonpublic schools that enrolled low-income students and were most impacted by the qualifying emergency (COVID-19). The ARP Act further restricted eligibility for services or assistance to nonpublic schools that enrolled a significant percentage of low-income students and were most impacted by the qualifying emergency. Because the ARP Act did not identify what constituted a significant percentage of low-income students, the Department established through a notice of final requirements in the Federal Register that, to be eligible for ARP EANS-funded services or assistance, the percentage of low-income students in a nonpublic school must be at least 40 percent, unless a State requested and received approval from the Department to use an alternate percentage based on circumstances in the State.

Allowable Uses of EANS Funds

The EANS programs allow a nonpublic school to receive services and assistance from the State's SEA or its contractors to address educational disruptions resulting from COVID-19. These services and assistance can include supplies to sanitize and clean school facilities, educational technology, and reasonable transportation costs, among many others. For a full list of services and assistance covered under the EANS programs, see [Appendix B](#).

Tennessee Department of Education's EANS Programs Administration

The Tennessee Department of Education (Tennessee) was awarded \$72.8 million in CRRSA funds and \$73.7 million in ARP EANS funds to provide services and assistance to nonpublic schools affected by the pandemic. Tennessee's Division of Choice was

responsible for the administration and oversight of the EANS programs. It used the processes and grants management system that Tennessee developed and has used for its LEAs with necessary adjustments for the EANS programs. Tennessee's grants management system accepted EANS applications with budgets and addressed CRRSA EANS reimbursements and other EANS requirements. Contractor payments made by Tennessee for the nonpublic schools were made through Tennessee's regular procurement process. For CRRSA EANS, Tennessee made \$28.6 million of CRRSA EANS funds available (39.3 percent) to 110 nonpublic schools that it deemed eligible to receive services and assistance and reverted all remaining funds to the Governor of Tennessee for use for authorized purposes under the GEER program, which included providing tutoring services to students within Tennessee's LEAs. Tennessee made \$5.6 million of ARP EANS funds available (7.5 percent) to 21 nonpublic schools that it deemed eligible to receive services and assistance. In an email to the Department dated June 24, 2022, Tennessee stated that it would revert \$63.1 million to the Governor for GEER-related purposes. Tennessee had until September 30, 2024, to obligate the remaining ARP EANS funds.

Finding 1. Tennessee Generally Had Adequate Outreach, Technical Assistance, and Application Processes

Tennessee designed and implemented application processes that adequately assessed nonpublic schools' eligibility for CRRSA and ARP EANS-funded services or assistance and complied with other applicable requirements, including those related to outreach for the CRRSA and ARP EANS programs. In addition, Tennessee provided technical assistance and guidance to the nonpublic schools that was timely and accurate. Tennessee also established application processes that included the requirements for both CRRSA and ARP EANS and met the timelines required for the availability of nonpublic school applications, review and approval of the applications, and notification to the nonpublic schools regarding their application approval status. However, Tennessee was unable to provide written policies and procedures that it used to review the EANS applications.

Outreach to Nonpublic Schools Regarding the CRRSA and ARP EANS Programs

Tennessee had adequate processes to inform nonpublic schools of the EANS grants. Out of Tennessee's 632 nonpublic schools, 582 were eligible to receive EANS-funded services or assistance under one or both programs given the different eligibility requirements.² Tennessee contacted nonpublic schools via email to ensure that they were aware of the EANS programs and the application processes. In addition, Tennessee worked with an advisory council to nonpublic schools to encourage its members to participate. Of the 582 nonpublic schools contacted, 135 showed interest in receiving EANS grant funds. For CRRSA EANS, 114 nonpublic schools submitted applications and 110 applications were approved.³ For ARP EANS, 44 nonpublic schools attempted to complete the application process. However, due to the stricter poverty level requirements of the ARP EANS program, only 21 nonpublic schools successfully completed the application process and were approved to receive ARP EANS funds.

² For-profit and home schools were excluded from participating in Tennessee's EANS programs.

³ The remaining four applicants began the application process but did not complete it by their own choice.

Technical Assistance and Guidance Provided to Nonpublic Schools Regarding the CRRSA and ARP EANS Applications

Tennessee provided clear, accurate, and timely technical assistance and guidance to nonpublic schools about the purpose of the CRRSA and ARP EANS programs; program eligibility criteria, including how Tennessee planned to determine the schools most impacted by the COVID-19 emergency; and how and when to submit their application. Tennessee accomplished this, in part, through written policies and procedures, operation manuals, email communications, office hours, and webinars. The technical assistance and guidance covered various topics, including the purpose and goals of the programs, eligibility criteria, and the parts and requirements of the application processes. Tennessee also developed its own EANS frequently asked questions (FAQ) guidance document.

Adequacy of Tennessee’s CRRSA and ARP EANS Application Processes and its Compliance with Related Requirements

Tennessee had adequate processes to ensure that nonpublic school EANS applicants were eligible to receive services or assistance under CRRSA and ARP EANS. Using its existing process, Tennessee developed CRRSA and ARP EANS applications that captured appropriate data to determine a nonpublic school’s eligibility. Tennessee’s application addressed major requirements of the EANS grants by requesting overall enrollment and low-income enrollment data from the 2019–2020 school year (grades K–12), information on whether the nonpublic school received a PPP loan prior to December 27, 2020, a description of how the school was impacted by COVID-19, and a budget. The application also had an assurance that the school had not applied for a PPP loan that was made on or after December 27, 2020. The ARP EANS application had the same elements as the CRRSA EANS application but also requested specific student family financial information in order to determine whether a student was from a low-income family.

In describing the State’s EANS application review and approval processes, Tennessee officials explained that they used the processes and systems that they use for LEAs receiving Federal funds. The EANS applications were completed and submitted via Tennessee’s grants management system. The information that was included in the application was reviewed and approved after each nonpublic school completed its application, the application went through a required three-level approval process.⁴ In addition to completing the application, schools were required to complete and upload

⁴ Prior to being reviewed by Tennessee, the application is reviewed by the nonpublic school’s director, fiscal representative, and the school’s leader.

an eligible EANS programs participants survey addendum that included total student enrollment and the percentage of those students who were under the poverty level. Tennessee's review process included addressing EANS requirements, vendor acceptability, expenditure allowability within EANS, and poverty threshold (ARP EANS). As part of Tennessee's review process, it required initial application review and approval from the director of Tennessee's Division of Choice followed by second-level application review and approval from two members of the Nonpublic School Team. However, due to turnover in key positions, Tennessee was unable to provide the policies and procedures that it used to review the EANS applications. Tennessee made the CRRSA and ARP EANS applications available to nonpublic schools within 30 days of its receipt of allocations from the Department (as required by CRRSA Act section 312(d)(3)(A)(i)), and the applications were available to them from February 2021 to April 2021 for CRRSA EANS and December 2021 through April 2022 for ARP EANS.

We concluded that the processes Tennessee officials described to assess nonpublic schools' eligibility for CRRSA and ARP EANS-funded services and assistance were generally adequate. We tested a nonstatistical, random sample of EANS applications including five CRRSA EANS applications, five accepted ARP EANS applications, and five rejected ARP EANS applications. We found no issues with the sampled applications. We also checked the PPP information provided on the sampled applications against the PPP website and did not find any discrepancies.

Despite Tennessee's lack of written procedures for its application review and approval processes, we are not making any recommendations for this finding because Tennessee met all CRRSA and ARP EANS program application requirements, and because applications are no longer being accepted.

Tennessee's Comments

Tennessee did not provide any comments related to Finding 1.

Finding 2. Tennessee Could Improve Its Oversight of the EANS Programs

We found that Tennessee’s oversight of its CRRSA and ARP EANS funds, expenditures, and inventory could be improved. During the audit, Tennessee followed its existing policies and procedures to ensure that both CRRSA and ARP EANS funds were used for allowable services and assistance. Tennessee provided sufficient support for a nonstatistical, random sample of 60 CRRSA EANS expenditures, 30 reimbursements and 30 contractor expenditures; and 30 ARP EANS contractor expenditures. However, we found that Tennessee could improve certain processes. Specifically, Tennessee should have (1) ensured that it had identified allowable expenditures to charge to its CRRSA EANS grant before drawing down Federal funds; (2) implemented policies and procedures to identify, locate, or track assets purchased with EANS funds for nonpublic schools; and (3) obtained the necessary approvals for capital expenditures with a per unit cost of over \$5,000.

Tennessee Did Not Ensure That Drawdowns of CRRSA EANS Funds Were Always Supported by CRRSA EANS Expenditures

Tennessee did not ensure that expenditures noted as being for CRRSA EANS-funded services or assistance were appropriately identified prior to making drawdowns from the G5 system. Specifically, Tennessee mistakenly designated \$6.57 million in CRRSA EANS funds as CRRSA EANS expenditures but did not have any corresponding expenditures. According to a former Tennessee official, these expenditures should have been designated as ARP EANS expenditures. Tennessee has policies and procedures stating that in order to initiate drawdowns from G5, the amount to be drawn down should have a matching expenditure for the grant. This should have ensured that Tennessee did not draw down funds that did not correlate with specific expenditures. Due to the incorrect designation of the expenditures, it appears that Tennessee incorrectly drew down CRRSA EANS funds for ARP EANS expenditures. During the audit, we identified the issue when attempting to reconcile CRRSA EANS expenditures provided by a former Tennessee official to G5 drawdowns. Tennessee officials were not aware that this issue had occurred until we brought it to their attention. After we made Tennessee aware of the issue, Tennessee made a journal entry adjustment returning the funds to CRRSA EANS and drew down the correct amount from ARP EANS to cover the expenditures.

According to the Uniform Guidance, at 2 Code of Federal Regulations (C.F.R.) section 200.302 (b)(3) through (b)(6) the financial management system of each non-Federal entity must provide records that identify adequately the source and application of funds for Federally funded activities. In addition, the entity needs to establish effective controls over, and accountability for, all funds to ensure that assets are adequately

safeguarded. This section of the Uniform Guidance further states that entities need to establish written procedures to implement control activities to compare expenditures with budget amounts for each Federal award.

Although Tennessee had policies and procedures for making G5 drawdowns, Tennessee officials appear to not have ensured that the drawdowns were for CRRSA EANS expenditures when they requested CRRSA EANS funds from G5. Ensuring the adequacy of supporting documents is important because inaccurately accounting for program expenditures could result in cash management and financial, or performance reporting issues.

Tennessee Has Not Fully Implemented Policies and Procedures for Maintaining a Record of Assets Purchased with EANS Funds

At the start of our audit, Tennessee did not have policies and procedures to identify, locate, and track assets purchased using EANS funds. During the audit, we requested an inventory of the assets purchased for nonpublic schools with EANS funds. Since EANS funds are Federal funds and were used to purchase items for nonpublic schools, Tennessee was required to maintain ownership of all tangible items and must maintain an inventory of those items to ensure the items were being used by the nonpublic schools for COVID-19-related or other permitted Federal program activities. As of September 30, 2023, Tennessee did not have an inventory of the assets purchased with CRRSA EANS funds so that it could not verify that the purchased assets were still being used for EANS purposes or other allowable purposes under another Federal education program, or if not, disposed of in accordance with applicable requirements. Tennessee officials stated that no nonpublic schools had voluntarily returned assets purchased with CRRSA EANS funds.

During the audit, Tennessee developed a formal written inventory process for its EANS assets. Tennessee's asset management document included procedures for acquisition, acceptable use, inventory, management, and disposition of EANS assets. It stated that "any item with an expected life of greater than 1 year and a pre-tax value of \$250 or more is to be tagged," and referenced section 18003(d) of the Coronavirus Aid, Relief, and Economic Security Act, section 313(d) of the CRRSA Act, and section 2001(e) of the ARP Act when addressing approved uses. The document was eventually finalized and partially implemented with asset information being requested from nonpublic schools that received EANS-funded services or assistance; however, the process had not been completed at the time of our audit work.

According to section E-1 of the Department's September 2021 EANS FAQ guidance document, to maintain control of EANS funds, SEAs must maintain records of the equipment and supplies it has provided to each nonpublic school. To maintain control

over the EANS funds it uses to reimburse a nonpublic school, SEAs must ensure that the SEA or another public agency gains title to materials, equipment, and property for which it provides reimbursement.

Further, in a January 2023 Addendum to the EANS FAQ guidance document,⁵ the Department stated that an SEA must maintain an inventory of all supplies placed in a nonpublic school and should implement periodic checks on the use of the supplies to determine whether the supplies are still in use and being used for allowable purposes. Periodic checks could include emails and surveys to collect needed information.

Since Tennessee did not maintain an inventory of assets purchased with EANS funds from the beginning, it may not have maintained public control of those assets and, therefore, did not adhere to Federal requirements. It also may have increased the risk that some assets will not be accounted for; not be used for purposes related to COVID-19 or other permitted Federal program activities; or be lost, unused, or used for unallowable purposes.

Tennessee Did Not Obtain Prior Approval for EANS Expenditures

We found that Tennessee's processes did not ensure that nonpublic schools' equipment purchases with a per unit cost over \$5,000 received prior written approval from the Department before making the purchases as required by Federal regulations. We identified three invoices during our review of 90 EANS expenditures that had items with a per unit cost over \$5,000⁶ that the Department stated did not have prior approval. Those items included interactive boards, system software, active panel screens, and a de-mountable wall totaling approximately \$123,000.

Because Tennessee is the recipient of its EANS funds, and EANS funds cannot be awarded to nonpublic schools, the Department must approve all EANS expenditures over \$5,000. Equipment and other capital expenditures with a unit cost of \$5,000 or more must have prior written approval of the Federal awarding agency or pass-through entity according to 2 C.F.R. section 200.439(b). A pass-through entity is a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program (2 C.F.R. section 200.1). Under the EANS programs, an SEA is not permitted to make subawards to nonpublic schools; therefore, Tennessee's approval of payments would not constitute prior written approval for the purpose of 2 C.F.R. 200.439(b). According

⁵ FAQ, Disposition of Equipment and Supplies, EANS Program (January 23, 2023).

⁶ The sample included 30 expenditures each for CRRSA EANS program reimbursements and contractor payments, and 30 expenditures for ARP EANS program contractor payments.

to 2 C.F.R. section 200.1, equipment is defined as tangible personal property having a useful life of more than one year and a per unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000.

Capital expenditures for special purpose equipment are allowable as direct costs, if items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity per 2 C.F.R. section 200.439(b)(2). Further, section 312(d)(7)(A) of the CRRSA Act states that materials, equipment, and property purchased with CRRSA EANS funds are to be owned and administered by the public agency; therefore, title and administration of assets purchased with CRRSA EANS funds stay with Tennessee, and it is required to obtain prior written approval from the Department for purchasing assets greater than \$5,000.

Because Tennessee did not obtain prior written approval from the Department for the equipment purchases that were over the \$5,000 threshold, Tennessee may have used EANS funds to purchase approximately \$123,000 of equipment that may have been unallowable. Furthermore, without a process to obtain prior written approval, there is a risk that Federal funds will be used for unallowable equipment or capital expenditure purchases of \$5,000 or more.

As noted in this finding, we identified a number of Federal requirements that Tennessee did not adhere to and areas for improvement in grants management. We learned during the course of our audit that the staff who originally implemented and administered Tennessee's EANS programs were no longer working for Tennessee and that many of the staff we spoke to were new and had never administered a Federal program at the State level before, making it likely that they were unaware of all Federal requirements. Although we recognize that the EANS programs were new and complex, and that staff may have lacked experience, Tennessee was nevertheless responsible for ensuring that all requirements were met and that funds were used appropriately.

Recommendations

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require Tennessee, in consultation with the Governor of Tennessee, to—

- 2.1 Review its policies and procedures for drawing down Department grant funds to pay for corresponding grant expenditures and determine whether any updates are necessary to ensure funds drawn down from one grant (for example, CRRSA EANS) are not being used to pay for expenditures under another grant (for example, ARP EANS).

- 2.2 Ensure that Tennessee officials responsible for making, reviewing, and approving G5 drawdowns receive sufficient training on Federal rules and regulations and State policies and procedures related to drawing down funds from G5 and documenting the process correctly.
- 2.3 Ensure full implementation of procedures that will identify, locate, and track assets purchased with EANS funds at nonpublic schools and verify that those assets were still being used for purposes related to COVID-19 or for allowable purposes under another Federal education program in which the nonpublic school participates. If assets purchased with EANS funds are no longer being used for purposes related to COVID-19 or for allowable purposes under another Federal education program in which the nonpublic school participates, retrieve them for use in other allowable activities or dispose of them in accordance with State laws and procedures. If assets purchased with EANS funds cannot be identified and located, determine any liabilities owed to the Department and return funds if required.
- 2.4 Retroactively obtain prior written approval from the Department for the three equipment expenditures or return the approximately \$123,000 expended for those equipment purchases and perform a review of the remaining equipment expenditures to determine whether there are additional purchases that require prior written approval. Tennessee should also incorporate into its grants management policies and procedures a step to determine for any Department grants whether it is required to obtain prior approval from the Department for certain expenditures, or whether Tennessee can provide prior approval for subrecipients.

Tennessee's Comments

Tennessee agreed with the finding and recommendations and provided additional documentation to support its response.⁷ Tennessee also provided comments regarding the language used to describe its drawdowns of EANS funds from G5.

For Recommendation 2.1, Tennessee stated that Tennessee officials responsible for making G5 drawdowns reviewed existing policies and procedures, and that these policies and procedures are sufficient for the process under which funds are drawn from G5. Tennessee also provided a description of its process and supplied corresponding documents related to how it processes invoices and draws down funds from G5.

⁷ Some of the documentation that was provided with the response had already been provided during the audit and used to develop our findings and recommendations.

For Recommendation 2.2, Tennessee referred to the same documents noted in response to Recommendation 2.1 and stated that Tennessee officials responsible for making G5 drawdowns received sufficient training on Federal rules and regulations and State policies and procedures related to drawing down funds from G5 through Tennessee's Department of Finance and Administration grants accounting webpage. Further, Tennessee officials will attend the Education Department General Administrative Regulations training hosted by Tennessee in February 2025.

For Recommendation 2.3, Tennessee stated that it has fully implemented an asset management process for EANS funds, and provided documents related to its inventory process and communications with nonpublic schools as well as examples of school inventories that it has received. Tennessee stated that staff follow procedures for the loss or disposition of assets and investigate all inconsistencies in the inventory documentation.

For Recommendation 2.4, Tennessee stated that it identified the approximately \$123,000 expended for equipment purchases identified in the finding and identified other equipment purchases defined as tangible personal property. Tennessee submitted a list of the EANS purchases, over the \$5,000 threshold, to the Department on October 1, 2024, requesting retroactive prior approval.

OIG Response

Tennessee's responses to Recommendations 2.1 and 2.2 are partially responsive to the recommendations. For Tennessee's comments regarding Recommendation 2.1, we acknowledge that Tennessee had existing policies and procedures regarding its process for drawing down Federal funds. However, the documentation that Tennessee provided did not include a process for ensuring that the correct G5 account funds were identified for drawdown. For Tennessee's comments regarding Recommendation 2.2, we acknowledge Tennessee's past and planned training activities; however, as noted above, Tennessee should include in its policies and procedures a process to ensure that the correct G5 account funds are identified for drawdown and provide training on this process for its staff.

Tennessee's comments regarding Recommendation 2.3 are mostly responsive if implemented as stated in the documentation provided. It does not appear that the information collected from nonpublic schools addressed whether the assets were being used for a COVID-19-related purpose or for an allowable purpose under another Federal education program in which the nonpublic school participated. Tennessee's comments regarding Recommendation 2.4 are partially responsive if implemented as stated in the documentation provided. However, Tennessee's comments and documentation do not address incorporating into Tennessee's grants management policies and procedures a

step to determine for any Department grants whether it is required to obtain prior approval from the Department for certain expenditures, or whether Tennessee can provide prior approval for subrecipients.

We did not verify whether Tennessee took the corrective actions it described because Tennessee implemented or will be implementing these actions after the end of our audit work. Therefore, we did not make any changes to the recommendations. However, we did make some changes to the language in the finding based on Tennessee's comments.

Appendix A. Scope and Methodology

Our audit covered Tennessee’s processes for reviewing and approving nonpublic schools’ applications and overseeing nonpublic schools’ use of EANS funds for the period March 13, 2020, through October 27, 2023.

To achieve our objectives, we reviewed and gained an understanding of the following laws, regulations, and guidance relevant to CRRSA and ARP EANS:

- CRRSA (Public Law 116-260, December 27, 2020), section 312 “Governor’s Emergency Education Relief Fund”;
- ARP (Public Law 117-2, March 11, 2021), section 2002, “Emergency Assistance to Non-Public Schools”;
- ARP Federal Register July 13, 2021;
- 34 C.F.R. section 76.707 When Obligations are Made;
- 31 C.F.R. Part 205 Rules and Procedures for Efficient Federal-State Funds Transfers;
- Department guidance, including the Certification and Agreement for Funding EANS Program under CRRSA; ARP EANS Webinar (February 24, 2022); FAQ, EANS Program as authorized by CRRSA and ARP (Updated September 17, 2021); Addendum to FAQ, Disposition of Equipment and Supplies, EANS Program (January 23, 2023); the Department’s EANS Monitoring Protocol; Final Requirements for ARP EANS Federal Register Vol. 86, No. 131 (July 13, 2021); and the Department’s letter to States on ARP EANS and the Use of Proportionality to Determine Nonpublic School Eligibility (July 29, 2022);
- Tennessee’s Grant Award Notification for the CRRSA and ARP EANS programs;
- Government Accountability Office’s *Standards for Control in the Federal Government* (September 2014);
- 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and
- 34 C.F.R. Part 76, State Administered Programs.

We gained an understanding of Tennessee’s application and oversight processes through interviews with key Tennessee officials who had knowledge of or were responsible for establishing, administering, or overseeing the CRRSA and ARP EANS programs. To assess the reliability of the testimonial evidence, we compared information obtained from interviews with records related to Tennessee’s application and oversight activities when provided by the interviewees. We concluded that the

testimonial evidence we obtained was sufficiently reliable within the context of our audit objectives.

We assessed the adequacy of Tennessee’s application and nonpublic school eligibility determination processes by (1) reviewing the applications that Tennessee developed for the CRRSA and ARP EANS programs to determine whether they contained data fields that would allow Tennessee to properly assess a school’s eligibility and prioritize schools as required by law, (2) assessing the timeliness of Tennessee’s dissemination of EANS programs information and related applications, and (3) testing a sample of nonpublic schools’ applications to determine whether Tennessee properly determined the schools’ eligibility.

We also gained an understanding and assessed the adequacy of Tennessee’s oversight processes through reviews of relevant documents and records. We reviewed documents identifying Tennessee’s officers and staff who had a role in establishing, administering, or overseeing the CRRSA and ARP EANS programs. We reviewed and evaluated the guidance and technical assistance (such as Tennessee’s FAQ document, webinars, and emails) that Tennessee provided to nonpublic schools regarding use of CRRSA and ARP EANS funds. We also reviewed the informal procedure documents developed by reviewers to further our understanding of how Tennessee reviewed and approved EANS payment requests for services and assistance.

We assessed the implementation of Tennessee’s oversight processes by testing samples of CRRSA and ARP EANS expenditures to determine whether they complied with applicable requirements. Specifically, we reviewed each expenditure to determine whether it was (a) connected to the pandemic, (b) authorized under applicable law and regulations, (c) reasonable and necessary in accordance with the Uniform Guidance, and (d) sufficiently supported. We also determined whether purchased equipment and supplies in the samples were properly approved and inventoried, if applicable.

Lastly, we reviewed Tennessee’s drawdowns from the Department’s G5 grants management system to determine whether Tennessee complied with cash management requirements.

Sampling Methodology

To determine whether Tennessee designed and implemented application processes that adequately assessed nonpublic schools’ eligibility for EANS-funded services or assistance and complied with other applicable requirements, we selected a nonstatistical, random samples of applications for both CRRSA and ARP EANS—a total of 10 approved applications and 5 rejected applications from the universe of 154 nonpublic schools that applied for both programs. Specifically, we sampled 5 (5 percent) of the 110 nonpublic schools that completed the application process for the CRRSA EANS program. For ARP

EANS, we sampled 10 (23 percent) of the 44 nonpublic schools that applied. This consisted of 5 (24 percent) of the 21 nonpublic schools that applied and were deemed eligible and 5 (22 percent) of the 23 nonpublic schools that applied and had their applications rejected.

To determine whether Tennessee’s oversight processes ensured that EANS funds were used for allowable purposes and that Tennessee maintained public control of the assets acquired with those funds, we selected a nonstatistical, random samples of nonpublic schools’ expenditures of CRRSA and ARP EANS funds. We sampled a total of 90 (7 percent) of the 1,253 expenditures that were charged to EANS programs. For the CRRSA EANS program, we sampled 30 (12 percent) of the 258 expenditures that were reimbursement payments to nonpublic schools and 30 (5 percent) of the 645 expenditures that were direct payments to vendors. For the ARP EANS program, we sampled 30 (9 percent) of the 350 expenditures that were direct payments to vendors.

To determine whether Tennessee complied with cash management requirements, we attempted to reconcile Tennessee’s G5 drawdowns to its CRRSA and ARP EANS expenditures. Although we could not reconcile them as of a specific date during the grant period, we were able to reconcile CRRSA EANS in total at the end of the grant period and ARP EANS to a sufficient extent for us to be comfortable that we were testing the entire ARP EANS amount. We did not test any expenditures that appeared to be for GEER-related purposes.

The results of our testing apply only to the samples selected and cannot be projected.

Internal Controls

We obtained an understanding of all five areas of internal control (control environment, risk assessment, control activities, information and communication, and monitoring) as they related to Tennessee’s processes for ensuring that nonpublic schools were eligible and used CRRSA and ARP EANS funds in accordance with applicable requirements. We limited our internal control work to the two areas we deemed significant to the audit objective: risk assessment and control activities.

- Risk assessment—risk identification, analysis of risk, responses to risk, including consideration of the potential for fraud.
- Control activities—design of appropriate types of control activities, design of control activities at various levels, documentation of responsibilities through policies, and periodic review of control activities.

As discussed in the findings, we concluded that Tennessee’s application process for assessing nonpublic schools’ eligibility for CRRSA and ARP EANS funded services and

assistance was generally adequate (See [Finding 1](#)), and its oversight processes for its expenditure review and inventory system need strengthening (See [Finding 2](#)).

Use of Computer-Processed Data

We relied, in part, on computer-processed data (spreadsheets) provided by Tennessee to select and review the CRRSA and ARP EANS nonpublic school applications that we sampled. We obtained the computer-processed application data and the electronic applications from Tennessee; in addition, we obtained any additional supporting documentation. To assess the reliability and completeness of the data, we compared the fields in the applications to the provided support, school websites and PPP website and found that the fields from the applications we sampled matched data from the support obtained. Some of the fields included were total student enrollment, the data source used to determine the number of students from low-income families, and whether the school indicated that it received a PPP loan prior to December 27, 2020. Based on this assessment, we concluded that the data were sufficiently reliable for their intended use.

We obtained the universes of expenditures for both CRRSA and ARP EANS for the audit period. We used the universes to select samples of expenditures for detailed testing to determine whether Tennessee's oversight processes ensured that EANS funds were used for allowable purposes. To assess the completeness of the data, we compared total CRRSA and ARP EANS expenditures to amounts drawn down by Tennessee from the Department's G5 grants management system for the audit period. To assess the reliability of the expenditure data, we traced the expenditures to supporting documentation, such as invoices and approvals for our sample of 90 expenditures (30 expenditures each for CRRSA EANS program reimbursements and contractor payments, and 30 expenditures for ARP EANS contractor payments). We did not identify any issues that affected our using the data and concluded that the data were sufficiently reliable for their intended use.

Finally, we relied, in part on the Department's G5 grants management system as it is the official system of record for the Department's grants data. As a result, we considered it to be the best available data for its intended purpose. To assess the reliability of the data, we compared total CRRSA and ARP EANS expenditures to amounts drawn down by Tennessee from G5 for the audit period. Tennessee needed to make an adjustment to correct both EANS accounts, however, we did not identify any issues that affected our using the data and concluded that the computer-processed data were sufficiently reliable for their intended use.

Compliance with Standards

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

We remotely conducted our audit from September 2023 through August 2024. We discussed the results of our audit with Tennessee officials on May 29, 2024.

Appendix B. Allowable Uses of EANS Funds

According to section D-1 of the Department's September 2021 EANS FAQ guidance document, a nonpublic school may apply to receive services and assistance from the SEA or its contractors to address educational disruptions resulting from the COVID-19 emergency. These services and assistance include:

1. Purchasing supplies to sanitize, disinfect, and clean school facilities.
2. Providing personal protective equipment.
3. Improving ventilation systems, including windows or portable air purification systems.
4. Training and professional development for staff on sanitization, the use of personal protective equipment, and minimizing the spread of infectious diseases.
5. Installing physical barriers to facilitate social distancing.
6. Purchasing other materials, supplies, or equipment recommended by the Centers for Disease Control and Prevention for reopening and operation of school facilities to effectively maintain health and safety.
7. Expanding capacity to administer coronavirus testing to effectively monitor and suppress the virus.
8. Purchasing educational technology (including hardware, software, connectivity, assistive technology, and adaptive equipment) to assist students, educators, and other staff with remote or hybrid learning.
9. Redeveloping instructional plans, including curriculum development, for remote or hybrid learning, or to address learning loss.
10. Leasing sites or spaces to ensure safe social distancing, including guidelines and recommendations from the Centers for Disease Control and Prevention.
11. Paying for reasonable transportation costs.
12. Initiating and maintaining education and support services or assistance for remote or hybrid learning or to address learning loss.

Under CRRSA EANS, but not ARP EANS, reimbursement is allowed for the expenses of any services or assistance described above that a nonpublic school incurred on or after March 13, 2020, except for

- improvements to ventilation systems (including windows), except for portable air purification systems, which may be reimbursed;

- staff training and professional development on sanitization, the use of personal protective equipment, and minimizing the spread of the COVID-19;
- redeveloping instructional plans, including curriculum development, for remote or hybrid learning or to address learning loss;
- initiating and maintaining education and support services or assistance for remote or hybrid learning or to address learning loss; and
- any expenses reimbursed through a loan guaranteed under the PPP (15 United States Code 636(a)) prior to December 27, 2020.

Appendix C. Acronyms and Abbreviations

ARP	American Rescue Plan
C.F.R.	Code of Federal Regulations
COVID-19	Coronavirus Disease 2019
CRRSA	Coronavirus Response and Relief Supplemental Appropriations Act
Department	U.S. Department of Education
EANS	Emergency Assistance to Nonpublic Schools
FAQ	frequently asked questions
GEER	Governor's Emergency Education Relief Funds
LEA	local educational agency
PPP	Paycheck Protection Program
SEA	State educational agency
Tennessee	Tennessee Department of Education

Tennessee Comments



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COMMISSIONER

October 1, 2024

Myra Hamilton
Regional Inspector General of Audit
U.S. Department of Education
Office of Inspector General
1201 Elm St, Suite 1075
Dallas, TX 75201
Reference: ED-OIG/A23NY0148

Dear Myra Hamilton,

This letter is in response to the draft report, "Tennessee Department of Education's Administration and Oversight of Emergency Assistance to Non-Public Schools Grant Funds," Control Number ED-OIG/ A23NY0148 dated September 16, 2024, from the U.S. Department of Education (Department, ED). The Tennessee Department of Education (department, TDOE) has reviewed the draft report and concurs with the finding as drafted in the report. Please see our response below to the identified recommendations within the draft report.

Finding 2: Tennessee Could Improve Its Oversight of the EANS Programs

2.1 Review its policies and procedures for drawing down Department (ED) grant funds to pay for corresponding grant expenditures and determine whether any updates are necessary to prevent funds drawn down from one grant (for example, CRRSA EANS) from being used to pay for expenditures under another grant (for example, ARP EANS21).

Response: Concurs— The Division of Choice (Choice) team within the department utilizes the process and procedures that are identified in the attached, *How to Process an Invoice Guidebook*, when submitting an invoice to Education.AP@tn.gov for payment. The Tennessee officials that are responsible for drawing funds from G5 have reviewed existing policies and procedures. These policies and procedures are sufficient for the process under which funds are drawn from G5. Before Tennessee can make a draw from G5, an expenditure must have been coded, approved, entered, and processed in Edison. Once the expenditure has processed completely in Edison, a billing invoice is generated providing the grant ID and amount that was processed, based upon how the expenditure was coded. This invoice is used to determine which amounts are drawn down from which grants.

Below is a list of attached documentation as proof of evidence to support the response of the department:

- How to Process an Invoice Guidebook
- Standard Operating Procedures – Daily Draw
- Draw Calendar September 2024
- Standard Operating Procedures – G5 Draw Process

2.2 Ensure that Tennessee officials responsible for making, reviewing, and approving G5 drawdowns receive sufficient training on Federal rules and regulations and State policies and procedures related to drawing down funds from G5 and documenting the process correctly.

Tennessee Department of Education

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Response: Concur— G5 drawdowns are made after an expenditure has been coded, approved, entered, and processed in Edison. Tennessee officials responsible for making G5 drawdowns receive sufficient training on Federal rules and regulations and State policies and procedures related to drawing down the funds from G5 and have documented the process correctly. All officials responsible for G5 drawdowns are required to attend training annually. The Tennessee Department of F&A provides a Grants Information Sharing page on the intranet: [Grants Accounting \(tn.gov\)](https://www.tn.gov/grants-accounting). This page has resources and tools for grant related items including the Uniform Guidance. Tennessee officials will attend the Education Department General Administrative Regulations (EDGAR) training hosted by the department in February 2025.

Below is a list of attached documentation as proof of evidence to support the response of the department:

- Standard Operating Procedures – Daily Draw
- Draw Calendar September 2024
- Standard Operating Procedures – G5 Draw Process

2.3 Ensure full implementation of procedures that will identify, locate, and track assets purchased with EANS funds at non-public schools and verify that those assets were still being used for purposes related to COVID-19 or for allowable purposes under another Federal education program in which the non-public school participates. If assets purchased with EANS funds are no longer being used for purposes related to COVID-19 or for allowable purposes under another Federal education program in which the non-public school participates, retrieve them for use in other allowable activities or dispose of them in accordance with State laws and procedures. If assets purchased with EANS funds cannot be identified and located, determine any liabilities owed to the Department and return funds if required.

Response: Concur- The Division of Choice (Choice) has fully implemented an asset management process for the Emergency Assistance to Non-Public Schools (EANS) Grant Funds. The process outlines the required steps for all non-public schools to submit a comprehensive inventory of assets purchased through the EANS grants annually. Once the inventories are received, the department's choice team members reconcile the inventories against the purchase invoices to ensure an accurate record-keeping of all assets. Department (TDOE) staff members collaborate with non-public school staff members to follow procedures for the loss or disposition of assets. Additionally, members of the choice team investigate all inconsistencies in the inventory documentation.

Below is a list of attached documentation as proof of evidence of the response of the department:

- EANS Asset Management Guidance
- Email sent to all applicable non-public schools on May 21, 2024
- Two EANS inventories submitted by non-public schools

2.4 Retroactively obtain prior written approval from the Department (ED) for the three equipment expenditures or return the approximately \$123,000 expended for those equipment purchases and perform a review of the remaining equipment expenditures to determine whether there are additional purchases that require prior written approval. Tennessee should also incorporate into its grants management policies and procedures a step to determine for any Department grants whether it is required to obtain prior approval from the Department for certain expenditures, or whether Tennessee can provide prior approval for subrecipients.

Response: Concur- During the evidence review, the choice team identified the approximately \$123,000 expended for equipment purchases identified in the finding. In addition, the choice team identified other equipment purchases defined as tangible personal property having a useful life of more than one year and a per unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes of \$5,000. In collaboration with the Division of Federal Programs and Oversight, the choice team submitted an excel sheet of these EANS purchases to the OESE.SGR. Tennessee inbox (Tennessee.oese@ed.gov) on October 1, 2024, requesting retro prior approval.

Below is a list of attached documentation as proof of evidence of the response of the department:

- Spreadsheet with all EANS purchased equipment as defined in 2 C.F.R. section 200.1.
- Email to State inbox requesting retro prior approval of EANS purchases.

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Tel: (629) 395-4692 • tn.gov/education

Sincerely,



Lizzette Reynolds
Commissioner
Tennessee Department of Education

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