



U.S. Department of Education
Office of Inspector General

Yukon-Koyukuk School District's Use of Elementary and Secondary Emergency Relief Funds

October 30, 2024
ED-OIG/F24NY0182

FLASH REPORT

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services

October 30, 2024

Deena M. Bishop. Ed.D.
Commissioner
Alaska Department of Education and Early Development
PO Box 110500
Juneau, Alaska 99811

Dear Commissioner Bishop:

Enclosed is our final report, "Yukon-Koyukuk School District's Use of Elementary and Secondary School Emergency Relief Funds," Control Number ED-OIG/F24NY0182. This report incorporates the comments you provided in response to the draft report. The U.S. Department of Education's policy is to expedite audit 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 review, you should send them directly to the following Department of Education official, who will consider them before taking final Departmental action on this review:

Adam Schott
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. 20202

We appreciate your cooperation during this review. If you have any questions, please contact me at (214) 790-5430 or Myra.Hamilton@ed.gov.

Sincerely,

/s/

Myra Hamilton
Regional Inspector General for Audit

Enclosure



Results in Brief

Yukon-Koyukuk School District's Use of Elementary and Secondary School Emergency Relief Grant Funds

Why the OIG Performed This Work

Congress passed three coronavirus 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 coronavirus, which the President declared as a national emergency in March 2020. This included \$189.5 billion for Elementary and Secondary School Emergency Relief (ESSER), funds intended to provide vital support to States, local educational agencies, and schools to address the impact of the coronavirus. Support, in part, includes activities designed to help students and educators safely return to and sustain in-person instruction, and that address the educational inequities exacerbated by the coronavirus pandemic and students' social, emotional, mental health, and academic needs.

Ensuring that ESSER funds are used for allowable purposes is critical to help address the needs of students and educators. The Yukon-Koyukuk School District (Yukon-Koyukuk) was allocated approximately \$2.6 million in ESSER funds to support 10 schools serving about 3,100 students.

We performed this review to determine whether Yukon-Koyukuk expended ESSER grant funds for allowable purposes in accordance with applicable requirements.

What Did the OIG Find?

We determined that all the ESSER expenditures we reviewed for Yukon-Koyukuk were allowable. Allowable activities generally include those authorized by the Elementary and Secondary Education Act, Individuals with Disabilities Education Act, Adult Education and Family Literacy Act, Carl D. Perkins Career and Technical Education Act of 2006, and subtitle B of title VII of the McKinney-Vento Homeless Assistance Act. It also includes activities listed in section A-3 of the U.S. Department of Education's [Frequently Asked Questions](#) document for the ESSER and Governor's Emergency Education Relief Programs.

However, we found that Yukon-Koyukuk did not comply with key competitive procurement process or documentation requirements at 2 Code of Federal Regulations sections 200.318–320 when procuring the goods or services associated with three (38 percent) of eight non-personnel expenditures, totaling \$24,386 (26 percent) of the \$92,527 in non-personnel expenditures we reviewed. For these expenditures, Yukon-Koyukuk used a competitive process but did not maintain documentation supporting its awarding of contracts to the selected vendors.

What Is the Impact?

It is critical that Federal grantees (and subgrantees) document a competitive procurement process when required to do so by Federal law or regulation. Without documenting a competitive process, Yukon-Koyukuk (and by extension, taxpayers) might have paid more for the same goods and services, potentially resulting in misuse of Federal education funds when compared to other vendors.

What Are the Next Steps?

We made two recommendations to address the procurement issues we identified to ensure ESSER funds are used, documented, and managed in accordance with applicable requirements.

The Alaska Department of Education and Early Development did not state whether it agreed or disagreed with our recommendations, but it described corrective actions to address the recommendations. Yukon-Koyukuk did not provide any comments.

We summarized the Alaska Department of Education and Early Development's comments and provided the OIG's response at the end of the finding. We also provided the Alaska Department of Education and Early Development's comments at the end of the report (see [Auditee Comments](#)).

Purpose

The objective of our flash review was to determine whether the Yukon-Koyukuk School District (Yukon-Koyukuk) expended Elementary and Secondary School Emergency Relief (ESSER)¹ grant funds for allowable purposes in accordance with applicable requirements. This flash review report presents the results of our review.

Yukon-Koyukuk School District

The Yukon-Koyukuk School District in Alaska is a local educational agency (LEA) in a small suburban setting with 10 schools that serves about 3,100 students. Yukon-Koyukuk was allocated approximately \$2.6 million in ESSER funds, and as of March 11, 2024, it had spent about \$1.8 million (68 percent) of this allocation to address the impacts of the coronavirus. For our review period, Yukon-Koyukuk received \$1.6 million in ESSER funds, \$1.1 million of which were American Rescue Plan (ARP) ESSER funds. However, Yukon-Koyukuk expended only \$201,000 of these ARP ESSER funds. In its approved ARP ESSER plan, Yukon-Koyukuk noted that it planned to use its ARP ESSER funds, in part, for new curricula in literacy and math, educational technology, support for instructional intervention, monitoring schools and offices for ventilation and cleanliness, installing individual cleaning areas, and mental health services.

What We Did

We selected and reviewed 8 non-personnel ARP ESSER² expenditures (10 percent) from a total population of 81 ARP ESSER expenditures for the period July 1, 2022, through June 30, 2023 (review period). We used a judgmental, risk-based process to select the

¹ ESSER is one of multiple emergency relief funds comprising the Education Stabilization Fund, which was first authorized and funded under the Coronavirus Aid, Relief, and Economic Security Act (March 27, 2020), and for which Congress later provided additional funding under the Coronavirus Response and Relief Supplemental Appropriations Act (December 27, 2020) and the American Rescue Plan (March 11, 2021). Under ESSER, the U.S. Department of Education awarded grants to State educational agencies for the purpose of providing local educational agencies with emergency relief funds to address the impacts that the coronavirus pandemic had on elementary and secondary schools and their students.

² We limited the scope of our review to ARP ESSER expenditures to be consistent with our reviews of other LEAs within the State of Alaska. We also limited the scope of our review to non-personnel expenditures because Yukon-Koyukuk did not have any personnel expenditures.

eight expenditures that represented \$92,527 (46 percent) of the \$200,782 in total ARP ESSER expenditures for the period July 1, 2022, through June 30, 2023 (review period).

We reviewed each expenditure to determine whether it was (1) connected to the coronavirus pandemic (intended to prevent, prepare for or respond to the coronavirus pandemic, including its impact on the social, emotional, mental health, and academic needs of students); (2) an authorized use of ESSER funds under applicable law and regulations; and (3) reasonable and necessary and otherwise permissible under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance, 2 Code of Federal Regulations (C.F.R.) part 200). We also performed additional work, as needed, to determine whether Yukon-Koyukuk complied with key Federal procurement requirements, specifically those covered under 2 C.F.R. sections 200.320 (methods of procurement to be followed), 200.324 (contract cost and price), and 200.327 (contract provisions), when procuring the goods or services associated with each non-personnel expenditure. We interviewed Yukon-Koyukuk officials to gain a basic understanding of how they used ESSER funds, and their processes for approving and monitoring ESSER expenditures.

An LEA can use ESSER funds for any activity deemed allowable under section 18003(d) of the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136); section 313(d) of the Coronavirus Response and Relief Supplemental Appropriations Act (P.L. 116-260); and section 2001(e) of the American Rescue Plan Act (P.L. 117-2). These activities generally include any activity authorized by the Elementary and Secondary Education Act, Individuals with Disabilities Education Act, Adult Education and Family Literacy Act, Carl D. Perkins Career and Technical Education Act of 2006, and subtitle B of title VII of the McKinney-Vento Homeless Assistance Act; as well as those listed in section A-3 of the U.S. Department of Education's [Frequently Asked Questions](#) document for the ESSER and Governor's Emergency Education Relief Programs (May 2021, and updated on December 7, 2022).

What We Found

We determined that all eight (100 percent) expenditures that we reviewed for Yukon-Koyukuk were used for allowable purposes. These expenditures were generally for items in broad categories such as office supplies, commercial labor, travel costs, and teacher assistance due to the remote location of the district. They were connected to the coronavirus pandemic and authorized uses of ESSER funds under applicable law and regulation. However, we found that Yukon-Koyukuk did not comply with key competitive procurement process or documentation requirements at 2 C.F.R. sections 200.318–320 when procuring the goods and services associated with three (38 percent) of the eight non-personnel expenditures, \$24,386 (26 percent) of the \$92,527 in non-personnel expenditures we reviewed.

Procurement Issues

Yukon-Koyukuk did not comply with key Federal procurement requirements under 2 C.F.R. section 200.320 when procuring the goods or services associated with three (38 percent) of the eight expenditures we reviewed, totaling \$24,386. It used a competitive process but did not maintain documentation supporting its awarding of contracts to the selected vendors (three expenditures), contrary to applicable Uniform Guidance general procurement standards.

When the value of the procurement for property or services under a Federal financial assistance award exceeds the simplified acquisition threshold of \$250,000, formal procurement methods are required.³ According to 2 C.F.R. section 200.320(b), the two types of formal procurement methods that can be used are sealed bids and proposals.

- Sealed bids require two or more responsible bidders that are willing and able to compete effectively for the business and the procurement lends itself to a firm fixed price contract. The firm fixed price contract should be made in writing to the lowest responsive and responsible bidder.
- Proposals require that the non-Federal entity must have a written method for conducting technical evaluations of the proposals received and making selections.

For purchases between \$10,000.01 and \$250,000 (simplified acquisition threshold), the procurement standards require that price or rate quotations be obtained from an adequate number of qualified sources as determined by the non-Federal entity.

Competitive Procurement Process Used, but Not Documented

Two of these expenditures, totaling \$6,555, were part of a larger purchase that Yukon-Koyukuk made to install internet connectivity for 7 community sites serving approximately 150 rural families at a cost of about \$700,000. Yukon-Koyukuk verbally solicited offers from vendors to provide adequate home internet for students and during our review provided records such as purchase orders, invoices, voucher details, and pricing information but was unable to provide sufficient documentation to support its bidding process as required by 2 C.F.R. section 200.320(b). Yukon-Koyukuk also did

³ A non-Federal entity can establish a threshold lower than the simplified acquisition threshold, for purposes of requiring formal procurement activities; however, for this review, we used the simplified acquisition threshold of \$250,000 established under Federal regulation when assessing the LEA's compliance with applicable Federal procurement standards.

not provide a contract with the vendor for these expenditures. According to 2 C.F.R. section 200.403(g), costs must be adequately documented.

For the third expenditure, totaling \$17,831, Yukon-Koyukuk site administrators needed assistance with training staff to work with students on attendance and disciplinary issues, and overall site administration support. Yukon-Koyukuk provided the contract with the vendor but did not provide documentation to support that it complied with small purchase procedures.⁴ According to a Yukon-Koyukuk official, Yukon-Koyukuk verbally requested and received price quotations from two vendors. However, Yukon-Koyukuk did not provide us with the written price rate quotations from these two vendors. According to 2 C.F.R. section 200.320(a)(2)(i), if small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

It is critical that Federal grantees (and subgrantees) document a competitive procurement process when required to do so by Federal law or regulation. Without documenting a competitive procurement process, the grantees (and subgrantees) may overpay for large purchases; therefore, Yukon-Koyukuk (and by extension, taxpayers) might have paid more for the same goods and services, potentially resulting in misuse of Federal education funds when compared to other vendors. We concluded that Yukon-Koyukuk did not maintain sufficient documentation to support procurement procedures for the three expenditures. According to 2 C.F.R. section 200.318(i), the non-Federal entity must maintain records sufficient to detail the history of procurement. These records must include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Per section 10.03 of the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, documents and records should be completely and accurately recorded, properly managed and maintained, and management should clearly document all transactions and other significant events in a manner that allows the documentation to be readily available for examination.

⁴ A small purchase is the acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold of \$10,000 but does not exceed the simplified acquisition threshold of \$250,000. If it meets certain conditions, a non-Federal entity can establish and self-certify a threshold higher than the micro-purchase threshold, up to \$50,000; however, for this review, we used the micro-purchase threshold of \$10,000 established under Federal regulation when assessing the LEA's compliance with applicable Federal procurement standards.

What We Recommend

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require the Alaska Department of Education to require Yukon-Koyukuk to—

1. Determine whether the \$24,386 that Yukon-Koyukuk charged to ARP ESSER for the three expenditures made without maintaining proper documentation of the competitive procurement process was reasonable when compared to the costs of suitable alternatives, and if not, require appropriate corrective actions.
2. Ensure that LEA officials responsible for making and documenting purchasing decisions receive sufficient training on Federal procurement requirements, including those covered under 2 C.F.R. sections 200.318(i) and 200.320 (methods of procurement to be followed).

Alaska Department of Education and Early Development's Comments

The Alaska Department of Education and Early Development did not state whether it agreed or disagreed with our finding or recommendations, but it described corrective actions to address the recommendations. The Alaska Department of Education and Early Development stated that it would ensure that Yukon-Koyukuk is provided additional training on Federal procurement requirements. Additionally, the Alaska Department of Education and Early Development stated that it would work with Yukon-Koyukuk to verify if costs were reasonable for the provided services and, if costs were determined unreasonable, additional corrective actions would be taken. Yukon-Koyukuk did not provide any comments.

OIG Response

The Alaska Department of Education and Early Development's proposed corrective actions, if implemented as described, are responsive to our recommendations.

Appendix A. Scope and Methodology

Our review covered Yukon-Koyukuk's ARP ESSER expenditures from July 1, 2022, through June 30, 2023 (review period). We limited the scope of our review to ARP ESSER funds to be consistent with our reviews of other LEAs within the State of Alaska. We also limited our internal control work to gaining a basic understanding of the process Yukon-Koyukuk used to account for ESSER funds, including the accounting system and accounting codes used by Yukon-Koyukuk. We conducted our review remotely from April 2024 through June 2024. We discussed the results of our review with Yukon-Koyukuk and Alaska Department of Education and Early Development officials on June 27, 2024.

Sampling Methodology

To determine whether Yukon-Koyukuk expended ARP ESSER grant funds during our review period for allowable purposes in accordance with applicable requirements, we selected and reviewed 8 non-personnel expenditures (10 percent) from a total population of 81 non-personnel expenditures using a judgmental, risk-based, selection process. We selected the eight expenditures using the two highest dollar transactions (all exceeding \$17,000), generally broad item descriptions, or both criteria. These expenditures represented \$92,527 (46 percent) of the \$200,782 in total ARP ESSER expenditures during our review period. Since the expenditures were selected using a judgmental, risk-based selection process, the results of our testing cannot be projected to the universe of ARP ESSER expenditures.

Use of Computer-Processed Data

We relied, in part, on computer-processed data (LEA expenditure data) from Yukon-Koyukuk's accounting system. Yukon-Koyukuk provided us with an Excel spreadsheet (report generated from its accounting system) that contained its ARP ESSER expenditure data from July 1, 2022, through June 30, 2023. To assess the completeness of the expenditure data in the spreadsheet, we compared total expenditures in the spreadsheet to total expenditures in the four quarterly ARP ESSER expenditure reports that Yukon-Koyukuk submitted to the Alaska Department of Education and Early Development for our review period. To assess the reliability of the expenditure data in the spreadsheet, we reviewed supporting documentation, such as invoices and proof of payment, for the eight expenditures covered by our review. We did not identify any issues and concluded that the expenditure data in the spreadsheet were reliable for their intended use.

Compliance with Standards

We conducted our work in accordance with OIG quality control standards and the Council of the Inspectors General on Integrity and Efficiency “Quality Standards for Federal Offices of Inspector General,” which require that we conduct our work with integrity, objectivity, and independence. We believe that the information obtained provides a reasonable basis for our conclusions.

Appendix B: Acronyms and Abbreviations

ARP	American Rescue Plan
C.F.R.	Code of Federal Regulations
ESSER	Elementary and Secondary School Emergency Relief
LEA	local educational agency
Uniform Guidance	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
Yukon-Koyukuk	Yukon-Koyukuk School District

Alaska Department of Education and Early Development's Comments



THE STATE
of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Education & Early Development

OFFICE OF THE COMMISSIONER

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October 4, 2024

Myra Hamilton, Regional Inspector General for Audit
U.S. Department of Education
Office of Inspector General


Dear Inspector General Hamilton:

The Department of Education & Early Development (DEED) appreciates the opportunity to respond to Yukon-Koyukuk School District's Use of Elementary and Secondary School Emergency Relief Funds Draft Flash Report ED-OIG/F24NY0182.

Yukon-Koyukuk School District failed to maintain adequate documentation to confirm required procurement procedures were followed for three of the tested transactions. DEED will ensure that the school district is provided additional training on Federal procurement requirements.

DEED will also work with the school district to verify costs were reasonable for the provided services. If costs are determined unreasonable, additional corrective action will be taken.

Sincerely,


Deena M. Bishop, Ed. D.
Commissioner