



U.S. Department of Education  
Office of Inspector General

# Linn-Mar Community School District's Use of Elementary and Secondary School Emergency Grant Funds

September 27, 2024  
ED-OIG/F24CA0171

*FLASH REPORT*

## NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate Department of Education officials will determine what corrective actions should be taken.

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UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

Audit Services

September 27, 2024

McKenzie Snow  
Director  
Iowa Department of Education  
400 E 14th St  
Des Moines, IA 50319

Dear Director Snow:

Enclosed is our final report, "Linn-Mar Community School District's Use of Elementary and Secondary School Emergency Grant Funds," Control Number ED-OIG/F24CA0171. 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 flash 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  
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 (916) 213-7630 or [Ben.Sanders@ed.gov](mailto:Ben.Sanders@ed.gov).

Sincerely,

/s/

Ben C. Sanders  
Regional Inspector General for Audit

Enclosure



# Results in Brief

## Linn-Mar Community 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 Linn-Mar Community School District (Linn-Mar) was allocated approximately \$7.2 million in ESSER funds.

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

### **What Did the OIG Find?**

We determined that all 20 (100 percent) ESSER expenditures that we reviewed for Linn-Mar 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 Linn-Mar 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 6 (40 percent) of the 15 non-personnel expenditures, totaling \$228,510 (49 percent) of the \$466,572 in non-personnel expenditures reviewed. For these expenditures, Linn-Mar either did not use a competitive procurement process or failed to maintain documentation sufficient to support that a competitive procurement process was used.

### **What Is the Impact?**

It is critical that Federal grantees (and subgrantees) use and document a competitive procurement process when required to do so by Federal law or regulation. Without a competitive process, Linn-Mar (and by extension, taxpayers) might have paid more for the same goods and services when compared to other vendors.

### **What Are the Next Steps?**

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

The Iowa Department of Education did not state whether it agreed or disagreed with our recommendations, but requested that we review additional supporting documentation provided by Linn-Mar to determine whether the district complied with applicable procurement and documentation requirements. Based on our review of that documentation and further analysis of available information, we modified the finding and one recommendation in the report.

## Purpose

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

## Linn-Mar Community School District

The Linn-Mar Community School District in Iowa is a local educational agency (LEA) in a suburban setting with 12 schools serving about 7,700 students. Linn-Mar was allocated approximately \$7.2 million in ESSER funds and as of August 15, 2023, it had spent almost all (close to 100 percent) of its \$7.2 million ESSER allocation to address the impacts of the coronavirus pandemic. In its approved American Rescue Plan Act (ARP) ESSER Plan, Linn-Mar noted that it planned to use its ARP ESSER funds, in part, for interventionists, counselors, teachers, summer school, mentoring, and curriculum resources; technology (including online learning and internet access) and human resources support; and coronavirus prevention and mitigation items, such as personal protection equipment and cleaning supplies.

## What We Did

We selected and reviewed 15 non-personnel and 5 personnel ESSER expenditures (1 percent) from a total population of 1,591 expenditures for the period July 1, 2022, through June 30, 2023 (review period). We used a judgmental, risk-based process to select the 20 expenditures, which represented \$543,066 (23 percent) of the \$2,344,085 in total ESSER expenditures during our review period. Of the \$543,066 reviewed, \$466,572 (86 percent) was non-personnel and \$76,494 (14 percent) was personnel expenditures.

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

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<sup>1</sup> 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.

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 Linn-Mar 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 Linn-Mar 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 ARP (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, updated on December 7, 2022).

## What We Found

We determined that all 20 (100 percent) expenditures that we reviewed for Linn-Mar were allowable. These expenditures were generally for teacher salaries, professional development, and licenses for online learning. They were connected to the coronavirus pandemic and authorized uses of ESSER funds under applicable law and regulation. However, we found that Linn-Mar 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 6 (40 percent) of the 15 non-personnel expenditures, totaling \$228,510 (49 percent) of the \$466,572 in non-personnel expenditures reviewed.

The Uniform Guidance general procurement standards at 2 C.F.R. sections 200.318–320 require competitive processes for selecting vendors when purchases are over

\$10,000 (micro-purchase threshold).<sup>2</sup> 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. Formal procurement methods, which include publicly soliciting prices from prospective vendors, are required for purchases over \$250,000. Additionally, the non-Federal entity must maintain records sufficient to detail the history of the procurement, including but not limited to records documenting the rationale for the procurement method used, vendor selection or rejection, and basis for the contract price (2 C.F.R. section 200.318(i)).

## Procurement Issues

For one expenditure, totaling \$27,841 for library management system licenses, we could not determine whether Linn-Mar obtained price or rate quotations from an adequate number of sources as required by 2 C.F.R. section 200.320(a)(2) because Linn-Mar did not provide us with the procurement history documentation needed to make that determination.<sup>3</sup> Although he was not employed by Linn-Mar at the time this expenditure was initially approved and therefore did not have firsthand knowledge, Linn-Mar's Chief Financial Officer told us that the expenditure was a recurring expense that was initially approved more than 10 years ago. We requested but did not receive from Linn-Mar documentation to support that it had obtained price or rate quotations from an adequate number of sources prior to initially awarding the contract to the vendor. Without this documentation, which should have been part of the procurement history documentation maintained by Linn-Mar to comply with 2 C.F.R. section 200.318(i), we did not have the information needed to evaluate Linn-Mar's compliance with 2 C.F.R. section 200.320(a)(2).

For the other five expenditures, totaling \$200,669 for educational technology and materials, professional development, and a needs assessment, Linn-Mar used a noncompetitive process to procure the goods and services. Each expenditure was between \$28,500 and \$72,000; therefore, the procurement standards requiring a non-

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<sup>2</sup> If it meets certain conditions, the non-Federal entity can establish and self-certify a threshold higher than the micro-purchase threshold, up to \$50,000. It can also establish a threshold lower than the simplified acquisition threshold, for purposes of requiring formal procurement activities. For this review, we used the micro-purchase threshold of \$10,000 and simplified acquisition threshold of \$250,000 established under Federal regulation when assessing the LEA's compliance with applicable Federal procurement standards.

<sup>3</sup> For purposes of evaluating Linn-Mar's compliance with 2 C.F.R. section 200.320(a)(2), we considered price or rate quotations from at least two vendors to be adequate.

Federal entity (such as Linn-Mar) to obtain price or rate quotations from an adequate number of qualified sources would apply. The Chief Financial Officer told us that Linn-Mar did not use a competitive procurement process for these five expenditures because the vendors were the only providers (sole source) of the desired services. Under 2 C.F.R. section 200.320(c), there are specific circumstances in which noncompetitive procurement can be used, with one circumstance being that the item is available only from a single source. However, Linn-Mar did not maintain or provide us with documentation to support that the services were available only from a single source.

It is critical that Federal grantees (and subgrantees) use and document a competitive procurement process when required to do so by Federal law or regulation. According to 2 C.F.R. section 200.404, “a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.” When determining the reasonableness of a cost, a grantee (or subgrantee) must, in part, consider the market prices for comparable goods or services. A competitive procurement process, in part, helps ensure that grantees (and subgrantees) do not overpay for large purchases. Without a competitive process, Linn-Mar (and by extension, taxpayers) might have paid more for the same goods and services when compared to other vendors.

## What We Recommend

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education require the Iowa Department of Education (Iowa) to require Linn-Mar to—

1. Determine whether the \$228,510 that Linn-Mar charged to the ESSER grant without using a competitive procurement process or obtaining price or rate quotations from an adequate number of vendors 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).

## Iowa’s Comments

Iowa did not state whether it agreed or disagreed with our recommendations. Iowa forwarded supporting documentation from Linn-Mar, that the LEA noted was not provided during our initial review, for the nine expenditures that were identified in the draft report as having procurement issues. Iowa requested that we review that documentation to determine whether Linn-Mar complied with applicable procurement and documentation requirements under 2 C.F.R. section 200.320. We did not



include at the end of this report the supporting documentation that Iowa included with its comments because they were too voluminous. Copies of the documents are available upon request.

## **OIG Response**

We reviewed the supporting documentation that Iowa provided in response to the draft report and further analyzed available information for the nine expenditures that were identified in the draft report as having procurement issues. The additional documentation supported the removal of three of the nine expenditures from the finding. We removed those three expenditures from the finding, but did not make any other changes to the report based on our review of the documentation for the other six expenditures.

As noted in the report, for one expenditure totaling \$27,841 for library management system licenses, we requested but did not receive from Linn-Mar documentation to support that it had obtained price or rate quotations from an adequate number of sources prior to initially awarding the contract to the vendor. For the other five expenditures totaling \$200,669 for educational technology and materials, professional development, and a needs assessment, Linn-Mar did not maintain or provide us with documentation to support that the services were available only from a single source. The documentation that Iowa forwarded in response to the draft report did not include any new information to support that Linn-Mar had obtained price or rate quotations from an adequate number of sources for the library management system licenses expenditure or that the other five expenditures were available only from a single source. Therefore, our conclusions regarding these six expenditures remain unchanged.

## Appendix A. Scope and Methodology

Our review covered Linn-Mar's ESSER expenditures from July 1, 2022, through June 30, 2023 (review period). We limited our internal control work to gaining a basic understanding of how Linn-Mar's accounting system was used to account for ESSER funds and how to interpret accounting codes. We conducted our review remotely from February 2024 through June 2024. We discussed the results of our review with Linn-Mar and Iowa officials on June 26, 2024.

### Sampling Methodology

To determine whether Linn-Mar expended ESSER grant funds for allowable purposes in accordance with applicable requirements, we used a judgmental, risk-based process to select 20 expenditures (1 percent) for review from a total population of 1,591 expenditures for the period July 1, 2022, through June 30, 2023. The selected expenditures represented \$543,066 (23 percent) of the \$2,344,085 in total ESSER expenditures during our review period. For purposes of selection, we first divided the expenditures into two strata: personnel expenditures (totaling \$1,450,926) and non-personnel expenditures (totaling \$893,159). We then selected expenditures as follows:

- From the personnel population, we judgmentally selected five expenditures, totaling \$76,494 (5 percent of total personnel expenditures). We selected the three highest dollar transactions (each exceeded \$20,000) and two additional transactions based on a combination of dollar amount and employee position description.
- From the non-personnel population, we judgmentally selected 15 expenditures, totaling \$466,572 (52 percent of total non-personnel population). We selected the 10 highest dollar transactions (each exceeded \$22,000) and 5 additional transactions using 1 or more of the following criteria: High dollar amount, unclear transaction description, reclassified transaction, transaction without a listed vendor name, or duplicate amount.

The results of our testing apply only to the expenditures reviewed and cannot be projected to the universe of ESSER expenditures.

### Use of Computer-Processed Data

We relied, in part, on computer-processed data (LEA expenditure data) from Linn-Mar's accounting system. Linn-Mar provided us with a PDF of a report generated from its accounting system that contained its ESSER expenditure data from July 1, 2022, through June 30, 2023. We converted the PDF document to a spreadsheet for quicker review and analysis. 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 ESSER expenditure reports that Linn-Mar submitted to Iowa for our review period. To assess the reliability of the expenditure data in the spreadsheet, we reviewed supporting documentation, such as invoices, proof of payment, and payroll records (as applicable), for the 20 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’s “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 Act
C.F.R.	Code of Federal Regulations
ESSER	Elementary and Secondary School Emergency Relief
Iowa	Iowa Department of Education
LEA	local educational agency
Linn-Mar	Linn-Mar Community School District
Uniform Guidance	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

# Iowa Department of Education's Comments



Department of Education

McKenzie Snow, Director

Kim Reynolds, Governor  
Adam Gregg, Lt. Governor

August 20, 2024

Ben C. Sanders  
Regional Inspector General for Audit  
U.S. Department of Education  
Office of Inspector General  
Sacramento Region

Reference: Control Number ED-OIG/F24CA0171

Dear Mr. Sanders:

The purpose of this letter is to confirm the Iowa Department of Education (IDOE) has reviewed the draft flash report, "Linn-Mar Community School District's Use of Elementary and Secondary School Emergency Relief Grant Funds", and has received clarification from Linn-Mar Community School District regarding procurement and the referenced nine expenditures.

The attached seven documents provided by Linn-Mar on August 12, 2024, were not provided during the initial Flash Review. The IDOE requests that the Office of Inspector General review this documentation in determining the Linn-Mar Community School District's compliance with the competitive procurement process and documentation requirements under 2 C.F.R. section 200.320(a)(2) and (c).

Please let us know if you have additional questions or if additional information would further support your review.

Respectfully,



Jillian Dotson  
Chief, Bureau of Federal Programs



Sandra Hurtado-Peters  
Chief Financial Officer

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