



ESSER Risk Assessment and Subrecipient Monitoring Plan

Introduction

The document provides information regarding the Iowa Department of Education's (Department) Elementary and Secondary School Emergency Relief (ESSER) Fund risk assessment and related subrecipient monitoring plan. This risk assessment was developed to evaluate each subrecipient's risk of noncompliance with the requirements of the ESSER grant. The risk assessment is used in addition to the Department's general risk assessment for all subgrantees required for all federal funds (2 CFR Part 200). Similarly, the subrecipient monitoring plan was developed for use with ESSER subrecipients determined at higher risk. This monitoring plan is in addition to Iowa's Differentiated Accountability monitoring system for all current state and federal programs.

Risk Assessment

The Department is required to evaluate the subrecipients of ESSER funds for risk of noncompliance with federal statutes, regulations, and the terms and conditions of the grant award. The requirement to conduct a risk assessment exists for all federal funding, and the assessment is used by the Department to determine the appropriate monitoring actions to take to ensure both the state education agency (SEA) and local education agency (LEA) are in compliance with all terms of the grant award.

While this risk assessment is specific to ESSER funds, it is used in conjunction with the general risk assessment the Department conducts for all subrecipients of federal funds prior to making annual grant awards as required by the Uniform Guidance (2 CFR § 200.332).

Risk Assessment Requirements for the Department as a Pass-Through Entity

Subsection (b) of 2 CFR section 200.332 outlines the risk assessment requirements for the Department as a pass-through entity for federal funds:

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

- (1)** The subrecipient's prior experience with the same or similar subawards;
- (2)** The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3)** Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4)** The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

Iowa's General Risk Assessment for All Federal Awards

Table 1 lists the criteria and weighting included in Iowa's general risk assessment using the categories provided used in the Uniform Guidance.

Table 1. General Risk Assessment Criteria

Category	Measures	Weighting/Score
Prior experience (2 CFR § 200.332(b)(1))	Prior year late-filed reports (School Budget Review Committee, Certified Annual Report [CAR], Special Education Supplement, or Annual Transportation Report)	Filed a late report = 1 point
Prior experience (2 CFR § 200.332(b)(1))	<ul style="list-style-type: none"> a. Districts with negative unspent budget b. Districts with negative cash balances c. Districts with negative fund general fund balance d. Districts getting early warning letters 	<ul style="list-style-type: none"> a. 2 points b. 1 point c. 1 point d. 1 point
Previous audits (2 CFR § 200.332(b)(2))	<ul style="list-style-type: none"> a. Audit findings on a federal program b. Audit – Total number of findings c. Material audit weakness 	<ul style="list-style-type: none"> a. Audit findings on a federal program = 1 point per finding b. Total audit findings = 0.1 points per audit finding c. Material weakness finding = 1 point
New personnel or substantially changed systems (2 CFR § 200.332(b)(3))	<ul style="list-style-type: none"> • New superintendent • New school business official (SBO) 	New administrator = 1 point
Extent and results of federal awarding agency monitoring, if applicable (2 CFR § 200.332(b)(4))	Used in program-specific risk assessments	Used in program-specific risk assessments
Financial stability	<ul style="list-style-type: none"> • Enrollment of fewer than 300 • Negative open enrollment out of district • Declining enrollment 	Each measure that is true = 1 point
Ethics violations	Board of Educational Examiners (BOEE) ethics violation found against: <ul style="list-style-type: none"> a. Superintendent b. SBO c. Principal 	Ethics violation = 1 point each violation if founded
	General Risk <ul style="list-style-type: none"> • No risk = 0-1.9 • Low risk = 2-2.9 • Average risk = 3-3.9 • Above average risk = 4-5.9 • High risk = 6-10 	Total Points Available = 10

Iowa's Risk Assessment for ESSER Funds

Table 2. ESSER Risk Assessment Criteria

Category (Total Points)	Measures	Weighting/Score
Prior experience (5 pts)	Prior quarter or year late-filed applications, claims, or ESSER-related reports	Each application, claim, or report related to ESSER (any ESSER package) that was filed late = 1 point
Previous audits (0 pts)	None, measured in general assessment	–
New personnel or substantially changed systems (0 pts)	None, measured in general risk assessment	–
Extent and results of federal awarding agency monitoring, if applicable (10 pts)	Prior noncompliance with use of other federal funds (e.g., ESEA, IDEA, McKinney-Vento, Perkins)	Each finding of noncompliance from 2019-20 and/or current year regarding other federal funds = 1 point per finding
Other: High grant award total – Original advanced amount (3 pts)	a. Greater than \$250,000 b. \$50,000-\$249,999 c. Less than \$49,999	a. 3 points b. 2 points c. 1 point
Other: Funds remitted to the state in 2 nd Qtr. (4 pts)	a. Funds remitted to state b. Percent remitted: i. 0-24% ii. 25-49% iii. 50-74% iv. 75-100% c. Funds not remitted	a. 1 point b. Percent of amount remitted: i. 1 point ii. 2 points iii. 3 points iv. 4 points c. 0 points
Other: Current quarterly balances or risk of earning interest (4 pts)	Current quarter balance is: a. Greater than \$250,000 b. \$150,000-\$249,999 c. \$50,000-\$149,999 d. \$1-\$49,999	a. 4 points b. 3 points c. 2 points d. 1 point
Other: Interest earned (5 pts)	Earned \$500 or more in interest	Interest earned by March 15 th exceeded \$500 = 5 points
	<p>Upon Allocation & 1st Qtr. (0-18)</p> <ul style="list-style-type: none"> • Universal: 0-7 • Targeted: 8-14 • Intensive: 15-18 <p>2nd Qtr. (0-26)</p> <ul style="list-style-type: none"> • Universal: 0-11 • Targeted: 12-23 • Intensive: 24-26 <p>3rd Qtr. & 4th Qtr. (0-31)</p> <ul style="list-style-type: none"> • Universal: 0-15 • Targeted: 16-27 • Intensive: 28-31 	<p>Total Points Available = 31</p> <ul style="list-style-type: none"> • Upon Allocation = 18 • 1st Qtr. = 18 • 2nd Qtr. = 26 • 3rd Qtr. = 31 • 4th Qtr. = 31 (this risk designation will be carried forward into the next year's monitoring determinations)

Subrecipient Monitoring Plan

The Department is required to monitor subrecipients of federal funds based on an assessment of risk of noncompliance with federal statutes, regulations, and the terms and conditions of the grant award. This plan outlines monitoring activities the Department engages in for each category of risk specific to ESSER funds. The Department conducts monitoring for all state and federal programs in addition to the activities outlined here. Examples of general monitoring include:

- The Department requires each LEA to report revenues and expenditures on an annual basis through their CAR to allow SEA verification of use of all federal and state funds;
- LEA programs are annually monitored through the state's Differentiated Accountability system, which identifies those districts requiring a greater level of support;
- LEAs identified as needing targeted or comprehensive support receive a higher level of programmatic review, which allows the SEA to request additional information and documentation to ensure programmatic services meet both federal and state requirements; and
- Programmatic issues identified by the SEA are required to be corrected within the SEA-identified timeline.

Monitoring Requirements for the Department as a Pass-Through Entity

Subsections (c) through (h) of 2 CFR section 200.332 outline the specific requirements of the Department regarding monitoring as a pass-through entity for federal funds:

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.208.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

(3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.

(4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing subrecipients with training and technical assistance on program-related matters; and

(2) Performing on-site reviews of the subrecipient's program operations

(3) Arranging for agreed-upon-procedures engagements as described in § 200.425.

(f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.\

(h) Consider taking enforcement action against noncompliant subrecipients as described in § 200.339 of this part and in program regulations.

Monitoring Tiers: ESSER Differentiated Monitoring

Table 3 provides a summary of the risk categories for Iowa's general risk assessment, ESSER risk assessment, and how these ratings are combined to determine monitoring priorities *specific to ESSER funds*.

ESSER DIFFERENTIATED MONITORING

Table 3. ESSER Monitoring Tiers

General Risk	ESSER Only Risk	Combined Risk for ESSER	Monitoring Priority for ESSER
Range: 0-10 points (see Table 1)	Range: 0-31 points Total Points = 31 <ul style="list-style-type: none"> • Upon Allocation = 18 • 1st Qtr. = 18 • 2nd Qtr. = 26 • 3rd Qtr. = 31 • 4th Qtr. = 31 (Risk designation carried forward for next year's monitoring determinations) 	Range: <ul style="list-style-type: none"> • Upon Allocation & 1st Qtr. (0-28) • 2nd Qtr. (0-36) • 3rd and 4th Qtr. (0-41) 	Upon Allocation & 1st Qtr. (0-28) <ul style="list-style-type: none"> • Universal: 0-17 • Targeted: 18-24 • Intensive: 25-28 2nd Qtr. (0-36) <ul style="list-style-type: none"> • Universal: 0-21 • Targeted: 22-33 • Intensive: 34-36 3rd & 4th Qtr. (0-41) <ul style="list-style-type: none"> • Universal: 0-25 • Targeted: 26-37 • Intensive: 38-41

TIERED MONITORING

It is important to note that Iowa uses the risk assessments described in subsections (a) and (b) to monitor all subrecipients of funds but does not pre-schedule additional targeted or on-site monitoring. Rather, Iowa uses the risk assessments to determine which subrecipients require additional monitoring. In a typical year, this results in targeted desk audits for fewer than 10 subrecipients and an on-site visit to fewer than five subrecipients.

Table 4. Tiered Monitoring

Requirement(s)	Universal	Targeted	Intensive
Quarterly Claims in the Consolidated Accountability and Support Application (CASA)	The LEA must submit the following quarterly: <ul style="list-style-type: none"> • ESSER expenses, including amounts and year-to-date ledger. • Amount of interest earned. 	The LEA must submit the following quarterly: <ul style="list-style-type: none"> • ESSER expenses, including amounts and year-to-date ledger. • Amount of interest earned and supporting documentation. 	The LEA must submit the following quarterly: <ul style="list-style-type: none"> • ESSER expenses, including amounts and year-to-date ledger. • Amount of interest earned and supporting documentation.

Requirement(s)	Universal	Targeted	Intensive
			<ul style="list-style-type: none"> Supporting receipts for ESSER expenses as requested by SEA staff.
Technical Support and Assistance	Not required, available as needed.	Required technical support via webinars or remote meetings as determined by the SEA. Districts may be grouped for support.	Required additional technical support for individual districts. May be delivered through on-site visit, remote meetings, and/or formal desk audit as determined by SEA staff.
Corrective Action	If noncompliance is found, a citation is issued, corrective actions are required, and additional monitoring may be required depending on the nature of the noncompliance.	If noncompliance is found, a citation is issued, corrective actions are required, and additional monitoring may be required depending on the nature of the noncompliance.	If noncompliance is found, a citation is issued, corrective actions are required, and additional monitoring may be required depending on the nature of the noncompliance.

LEA Selected for Additional Monitoring

Based on the risk assessment criteria above, Davenport Community School District (CSD) falls into the Targeted monitoring category. All other districts are in the Universal monitoring category after the close of the third quarter. The risk assessment will be reapplied at the close of the fourth quarter, and districts will receive additional monitoring and support as described in the monitoring plan.

Davenport CSD is currently conditionally accredited by the State Board of Education (State Board) and receives significant support from the Department and the intermediate agency serving the district, Mississippi Bend Area Education Agency (AEA). This includes assistance and coaching with fiscal management. The State Board has taken partial operational control of Davenport CSD and oversees the district's compliance with all state and federal laws, including ESSER requirements. The Department's director and deputy director meet twice weekly with the district superintendent, a special advisor to the district for finance, the AEA chief administrator, and the AEA director of educational services to ensure the district is meeting all obligations. Department and AEA staff provide technical assistance on ESSER funds and expenditures during these meetings and as needed. In addition, staff from the Iowa Association of School Boards work with the Davenport school board monthly to enhance the local board's knowledge about school finance and use of essential financial reports.

Tracking LEA Balances and Payments

Each quarter, LEAs must complete the ESSER/GEER - Quarterly Report and Claim for Reimbursement collection in the CASA. This collection tracks all ESSER I, ESSER II, ESSER III, and GEER funds, including claims for reimbursement, year-to-date ledgers, fund balances, payments to LEAs, and the date that funds expire. To ensure compliance with the payment requirements in 2 CFR section 200.305, subsection (b), validations are programmed into the CASA (e.g., requires the LEA to expend funds in the order received).

Procedure for Correcting Noncompliance

When noncompliance is discovered through monitoring, whether by desk audit or on-site review, the LEA is cited. Citations for noncompliance are entered into the state's corrective action log, which is housed in the

CASA. This corrective action log is where the citation and corrective action plan are available to the Department and the recipient agency. A citation is not considered resolved until the Department receives sufficient evidence that the noncompliance was corrected.

RETURNING FUNDS

In the case of returning funds for unallowable expenditures, the Department's procedure is as follows. If the subrecipient has been reimbursed for the expenditure, a payment adjustment is made in the CASA. This payment adjustment reduces future reimbursement amounts until the full amount of the payment adjustment has been accounted for. The subrecipient must then make adjusting entries to their accounting records immediately and submit year-to-date general ledgers during future claim periods to demonstrate that the unallowable expenditures have been removed and replaced with allowable expenditures. The subrecipient will not receive any additional reimbursement until they have demonstrated that expenditures for allowable expenses totaling the full amount of the payment adjustment. If it is not possible to follow this procedure, the Department requires that funds be returned.

Additional Monitoring Practices to Ensure Compliance: Year-End Monitoring

The Department uses additional procedures at the end of the fiscal year to ensure compliance with requirements of ESSER funds, similar to procedures used for all federal funds:

- The Department reviews each LEAs reported ESSER revenues and expenditures against the district's CAR to ensure accounting for the revenue and expenses was appropriate in terms of acceptable state accounting procedures and that all expenditures were allowable under federal requirements after close of the fiscal year;
- LEAs with identified errors in the use of ESSER funds documented through their CAR submission will be classified at a higher level of risk, resulting in a greater level of fiscal review for the upcoming year. A higher risk designation means the SEA requests additional information and documentation to ensure all LEA ESSER expenditures meet both federal and state requirements; and
- The Department will perform a final review of LEA revenues and expenditures to ensure the ESSER funds are liquidated within the federal timeline.