

FISCAL MONITORING PLAN

2020-2021

FOR LOCAL EDUCATION AGENCIES (LEAs)
AND SUBRECIPIENTS



NEBRASKA DEPARTMENT OF EDUCATION
OFFICE OF BUDGET & GRANTS COMPLIANCE

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Nebraska Department of Education

FISCAL MONITORING PLAN

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GRANTS COMPLIANCE SECTION

The GCS is responsible for fiscal monitoring of the expenditures of federal grants awarded to subrecipients including school districts, educational service units (ESUs), and nonprofit institutions. The GCS is a division of the Office of Budget & Grants Management.

GCS DUTIES

As a pass-through entity, the Nebraska Department of Education (NDE) is statutorily required to monitor the activities of subrecipients as necessary to ensure that subawards are used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward.

GCS's subrecipient monitoring activities include performing an annual risk assessment of subrecipients, reviewing single audit reports, conducting desk/onsite reviews of selected subrecipients, and providing technical assistance and training to subrecipients.

GCS staff performs an annual subrecipient risk assessment evaluation to assess individual risk for each subrecipient. The risk assessment includes high, medium, and low risk levels assigned to each subrecipient.

GCS staff conducts reviews of Title 2 of the Code of Federal Regulations (2 CFR) 200, Subpart F, single-audit findings for federal grants directly administered by GCS staff for potential management decision letters. Based on their review, staff issues a management decision letter for any single audit finding related to the federal grant that is directly administered by NDE. The Budget & Grants Compliance director authorizes management decision letters. GCS staff follows up with any corrective actions resulting from the findings identified in single audits.

PURPOSE AND AUTHORITY

The GCS have established policies and procedures to comply with federal and state grant guidance. These procedures are developed to standardize guidelines concerning the NDE fiscal monitoring plan for oversight, evaluation, and monitoring of each LEA and subrecipients.

It is the intent that these policies and procedures will provide the desired information for why the policy exists and the process for how to execute the process.

Federal regulatory provisions under which the GCS monitors for fiscal accountability and compliance are:

- 34 CFR Part 74 Administration of Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations
- 34 CFR Part 80 Uniform Administrative Requirements for Grants and Cooperative Agreements
- 2 CFR Part 200 EDGAR -Uniform Administrative Requirements, Cost Principles, and Audit

Requirements for Federal Awards

- 2 CFR Part 200 3474 Uniform Administrative Requirements, Cost Principles, and Audit Requirements
- 2 CFR Part 180 – OMB Guidelines to agencies on Government-wide Debarment and Suspension (non-procurement)
- 2 CFR Part 3485 Non-Procurement Debarment and Suspension

INTERNAL CONTROLS BY GCS

The GCS is responsible for ensuring the NDE is in compliance with state and Federal regulations in aspects of grants fiscal management.

CONTROL ENVIRONMENT

NDE demonstrates a commitment to integrity and ethical values.

ORGANIZATIONAL STRUCTURE & RESPONSIBILITIES

The Office of Budget and Grants Management consists of the following divisions:

- Administrator
- Grants Management
 - Section Director
 - Grant Management Specialists
- Budget Management & Grants Compliance
 - Section Director
 - Budget Management Specialists
 - Grants Compliance Specialists

Responsibilities include:

Administrator:

- Commitment to recruit, develop, and retain competent individuals
- Evaluate performance and hold individuals accountable

Grants Management Division:

- Processing reimbursement requests submitted by the LEAs and ESUs in a timely manner
- Submission of reimbursement requests to the ERP system
- Implement, develop, and maintain the electronic Grants Management System (GMS). This includes grant applications and a payment process based on approved program budgets.
- Implement, develop, and maintain the Special Education Financial Reporting System (SPEDFRS)

Budget & Grants Compliance Division:

- Budget preparation and reconciliation
- Ensuring fiscal monitoring is completed
- Single Audits

RISK ASSESSMENT

Risks

- Mismanagement of grant funds by subrecipients
- Personnel not knowledgeable of grant guidance
- Size of LEA could result in noncompliance
- Corrective action steps taken to mitigate future noncompliance
 - Technical assistance
 - Workshops/Webinars
- Significant change in personnel
 - Turnover rate
 - Knowledge/expertise of personnel being utilized

CONTROL ACTIVITIES

- Objective of NDE's Budget & Grant Administration is to successfully conduct fiscal monitoring visits, both onsite and desk, as well as process reimbursement requests in a timely manner to avoid back up of requests.
- GMS utilized to track grant programs
- Develop policies for grant monitoring, single audits, and reimbursement process

INFORMATION & COMMUNICATION

- Up-to-date information on processes
- Guidance on the use of the GMS
- Workshops, meetings, webinars

MONITORING

Pursuant to 2 CFR §200.331, NDE, as a federal pass-through entity, has responsibility to monitor subrecipients to ensure the sub-award is used for authorized purposes, is in compliance with Federal and State statutes, regulations, and the terms and conditions of the sub-award.

The monitoring process tests five different compliance categories:

- Time & Effort

- Payroll Expenditures
- Non-Payroll Expenditures
- Asset Management
- Grants Management

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

Elementary Secondary School Emergency Relief (ESSER) Fund Internal Controls Plan (**Addendum A-1**)

FISCAL MONITORING PROCEDURES

OVERVIEW

Based on the risk assessment, GCS develops and conducts the annual subrecipient monitoring plan. The objective of a subrecipient monitoring review is to determine whether a subrecipient of federal grant funds is complying with applicable federal statutes and regulations and with grant requirements, including the uniform administrative requirements and cost principles for federal awards given in 2 CFR 200. The reviews focus on the financial management systems' internal controls developed and implemented by the organization to demonstrate compliance with applicable requirements, including policies and procedures, accounting, and record-keeping. The review also tests the allowability of expenditures charged to the federal grant, as well as compliance with federal program requirements.

NDE has implemented an electronic GMS that includes grant applications and a payment process based on approved program budgets. The GCS also does a risk-based post award review process. These processes are used to fiscally monitor and verify that districts/ESUs and other subrecipients receiving funds are spending their grant awards in compliance with the rules and regulations governing the programs.

During the review process GCS staff will communicate with LEA staff through a series of letters, emails, telephone calls, or on-site review as needed, to request documentation required to complete the review. Staff will review, analyze, and evaluate financial records and the supporting documentation submitted and may contact the LEA to ask specific questions about the documents.

After staff have reviewed an LEA's internal controls, financial records, and supporting documentation, a report of findings and observations will be completed. Depending on the level of findings a corrective action may be implemented to resolve and ensure compliance.

NOTICE OF AGENCY POLICY

GCS conducts federal fiscal grant subrecipient monitoring and compliance reviews and implements

related enforcement actions in accordance with its established policies and procedures. These policies and procedures incorporate best practices and standards that may be similar to common auditing standards. However, NDE does not apply a specific set of external standards, such as the US Government Accountability Office's Generally Accepted Government Auditing Standards (Yellow Book), nor is it required to do so.

1. NDE has full responsibility for the conduct of the projects or activity funded and for the results achieved. The NDE, as a pass-through entity, must monitor the performance of the projects to ensure adherence to performance goals, time schedules or other requirements as appropriate to the projects or the terms of the grant agreement. The NDE is responsible for monitoring the activities of and pass-through requirements to any grant subrecipients.
2. Purpose of Monitoring. Subrecipient grants must be fiscally monitored in order to track their compliance. **Monitoring of subrecipients ensures compliance with 2 CFR 200.331 (b through h).**
 - a. Monitoring tracks the fiscal support that NDE provides to subrecipients for grants.
 - b. Determines whether all grants are being obligated and expended in accordance with the US Department of Education guidelines, and terms and conditions.
 - c. Ensure that GCS grants management files are current, and reflect any and all changes to a subrecipient.
3. Fiscal monitoring will be completed by one (1) of two (2) methods. On-Site monitoring and Office Base/Desk Review monitoring. Monitoring will assist in identifying areas where a subrecipient requires continued support from the GCS, thus providing feedback to the GCS which can be used to improve the agency's services. Both forms of monitoring will require written documentation (Monitoring Memorandum/Exit Letter) to be completed by the GCS grant compliance specialist. The original monitoring memorandum will be e-mailed to the District Superintendent/ESU, with a copy being retained in the GCS's records. Prior to completing any monitoring effort, it is important to review other recent monitoring activities, including but not limited to grant close-out progress, the type of grant, any grant databases, and previous Monitoring Memorandum/Exit Letter.
4. Grant programs subject to monitoring efforts include:
 - a. CARES Act ESSER Fund (See Addendum A)
 - b. IDEA
 - c. IDEA Preschool
 - d. IDEA PRT
 - e. McKinney-Vento
 - f. Perkins
 - g. Title I

- h. Title I Migrant
- i. Title II
- j. Title III
- k. Title IV
- l. 21st Century Learning Center

5. The responsibilities of pass-through entities are given in 2 CFR 200.331, requiring the NDE to “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” in paragraphs (d) and (e) of this section. To comply with this requirement, the GCS conducts an annual risk assessment of all subrecipients, including LEAs, to determine potential risk of noncompliance:
- a. The subrecipient's prior experience with the same or similar subawards;
 - b. The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F - Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
 - c. Whether the subrecipient has new personnel or new or substantially changed systems; and the extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).
6. Subrecipients of federal grants are required to comply with 2 CFR 200.500. This section requires that a non-federal entity that expends \$750,000 or more during the non-federal entity’s fiscal year in federal awards must have a single or program-specific audit conducted for that year and submitted within the earlier of 30-calendar days after receipt of the auditor’s report or nine months after the end of the audit period. A non-federal entity that expends less than the \$750,000 during the non-federal entity’s fiscal year in federal awards is exempt from federal audit requirements for that year. Guidance on determining federal awards expended is provided in accordance with 2 CFR 200.502.
- a. On an annual basis, all subrecipients are required to submit an outside audit to the NDE.
 - b. Per 2 CFR 200.331 (f) Verify that every subrecipient is audited as required.
7. Corrective actions can be imposed by the GCS when subrecipients fail to comply with the terms and conditions of federal grant programs. The purpose of the corrective action is to ensure that the organization corrects the noncompliant activity. The GCS may identify a subrecipient as noncompliant based on findings in a single audit, a federal monitoring review, or because of concerns identified through other means.

PROCEDURES AND METHODOLOGY

TECHNICAL ASSISTANCE

The GCS provides technical assistance to ensure that all subrecipients of awards are compliant with applicable federal statutes and regulations including the uniform administrative requirements and cost principles for federal awards given in 2 CFR 200, as well as the specific administrative and fiscal requirements specific to a grant. Technical assistance is provided annually to all award subrecipients as an integral part of the fiscal monitoring procedure or can be provided in specific areas deemed as needed, or at the request of the subrecipient.

FIELD REVIEW (ON-SITE) & DESK REVIEW (OFFICE-BASED)

An on-site review and desk review are not meant to be considered an audit. Both reviews follow the same procedures outlined and involves one or more payments or grants, in which GCS assesses the capability, performance, and compliance of subrecipient against applicable administrative regulations and grant requirements, and entails one or more GCS monitoring staff. A sampling of supporting documentation is reviewed to ensure costs are adequately documented, and to ensure the costs are reasonable, necessary, allocable and allowable under the program.

The GCS will conduct reviews of a selected portion of districts/ESUs each year. Conducting an on-site or desk review type of fiscal monitoring is determined in the Fiscal Monitoring and the Risk Assessment phase of the process, the discretion of the GCS Director, and the number of districts chosen is based on, but not limited to:

- sequential sampling,
- size of the award amount in the last three recent fiscal years
- risk-based assessment,
- risk categories and cycle methodologies,
- the labor resources (staff time) available to initiate and conduct timely monitoring reports,
- the size, complexity or high-risk nature of the districts to be reviewed,
- results of previous monitoring visits,
- unexpected or extraordinary circumstances that would prevent travel

The selected districts/ESUs will be asked to submit ledger accounting reports to the GCS to verify the expenditures reflected for the grant period. The GCS will randomly select and request support documentation for entries in these accounting reports. Requested documentation may include items such as: employee time distribution records, employment contracts, copies of vouchers with invoices attached, property records, etc.

The GCS will check this documentation to verify that it is an appropriate and the allowable charge to the program. If irregularities are discovered on the sample audited, the GCS may request additional information.

BEFORE THE REVIEW

Project Identification – Grants are identified to be monitored.

1. Using the NDE’s Fiscal Review Checklist as a guide, the GCS fiscal monitor should go through the selected program grant files to familiarize themselves with each grant’s projects/activities.
2. In addition to reviewing the physical hard file, the GMS electronic database should also be reviewed.
3. If the subrecipient received more than one grant, each one should be reviewed via this process, and all grants should be monitored during the same on-site visit.
4. The financial reports in the file reflect the amount of money the subrecipient has obligated and expended, providing an indication of activity with grant funds. The lack of any reimbursement requests indicates possible inactivity, which should be discussed during the monitoring visit.

Preliminary assessment

1. The GCS uses certain tools routinely to perform preliminary assessment of the risk posed by an LEA or sub grantee. These activities consist of, but are not limited, to:
 - a. Review of financial and compliance audits:
 - i. State audit of federal programs,
 - ii. LEA audits,
 - iii. A-133 single audits,
 - iv. Limited scope audits.
 - b. The district/ESU compliance with specific grant requirements and guidelines.
 - c. Site visit reports conducted by grant program staff.
 - d. Previous monitoring reports and other correspondence.
 - e. Performance input from program staff.
2. Notification – Approximately 10 to 15 days prior to the review, the GCS fiscal monitoring staff will contact the District Superintendent or ESU director, to choose a date and time from options given for the on-site visit, attaching the items needed for their review. Once a date has been established, an **Engagement Letter (Appendix I)** with the date and time of the on-site visit is sent to the District Superintendent or ESU director.

3. Supporting documentation to be made available - at least two weeks prior to the visit, a letter/e-mail to the Superintendent, or ESU Director, requesting items in the following support to be made available for review:
 - a. Time and Effort Certification
 - b. Policies and Procedures
 - c. Written internal controls
 - d. Account summary report/general ledger
 - e. Explanation for Journal Entries
 - f. Invoices as applicable
 - g. Teacher Contracts
 - h. Salary schedule for year being reviewed
 - i. Direct/indirect costs approvals
 - j. Travel/mileage documentation
 - k. Training/meetings/conference expenses
 - l. Documentation to support CARES Act activity

Note: The email will conclude with “Should you have any questions or concerns, please call or email” giving the District/ESU the opportunity to address any aspects of the upcoming on-site monitoring visit.

THE FIELD/DESK REVIEW

Entrance Conference

1. The Monitor conducts an entrance conference with the subrecipient (Superintendent, Executive Director, Project Director, Authorized Agent, Fiscal Officer, etc.) to discuss the review scope and purpose, explain the review process, and answer any questions.
 - a. Inquire on any assessment deficiencies (if applicable):
 - b. Lack of reimbursement requests indicating possible inactivity.
 - c. Whether or not there were any problems, issues, or additional guidance that needed to be addressed from that previous visit
 - d. Independent outside audits and potential concerns.
 1. Significant deficiencies and material weaknesses
 2. Management Decision Letter
 3. Corrective Action
 - e. Arrange for an exit conference

The Review

2. The Monitor will review the documentation that has been provided and interview staff as another source for their information gathering, or to request clarification or additional information.
 - a. The GCS will utilize the **Monitoring Visit Form (Appendix II)** to document all the testing procedures during the field review as documentation and to serve as an audit trail that can be duplicated during state/federal audits.
 - b. The GCS will check this documentation to verify that it is appropriate and an allowable charge to the program. If irregularities are discovered on the sample audited, the GCS may request additional information.
 - c. Findings and observations will be based on this information.
 - d. Review the documentation you have received for completeness, to ensure that all required items have been covered prior to ending the on-site visit.

Exit Conference

3. When the review is complete, the Monitor will conduct an exit conference to discuss any compliance issues, findings and observations, and suggestions for appropriate corrective action.
4. Subrecipients will have an opportunity to ask questions, and will have a limited amount of time following the field review to provide additional documentation that corrects identified issues, findings, or observations.

AFTER THE REVIEW

Monitoring Report (Exit Letter)

An **Exit Letter (Appendix III)** will be prepared as a result of the desk review, field review, and other related activities. The report will state the objectives, scope and methodology of the monitoring; and will clearly state findings, recommendations, and whether corrective action (including any enforcement action) is required.

The monitoring report with findings – if applicable - will be prepared at the completion of the monitoring activity and a copy of the report will be filed in the master fiscal monitoring folder.

Districts, ESUs, or sub recipients with audit findings might have special conditions or restrictions imposed by the GCS as a result.

1. Within ten (10) business days of the monitoring on-site visit, the GCS fiscal monitor should send an email thanking the District/ESU for the time spent for the visit, and remind them of any subsequent documentation that had been agreed upon to be emailed within a given timeframe.
2. Within five (5) business days of the monitoring on-site visit, the GCS fiscal monitor must prepare and send the original Exit Letter to the District/ESU.
3. If the subrecipient has received more than one grant only one Exit Letter should be prepared which will include all of the grants' results from the on-site visit.
 - a. The letter documents all of the compliance issues, findings, observations and advisory recommendations, technical assistance, along with the specific citations associated with each.
 - b. This information should be defined within the sections of the exit letter, and clearly delineated which grant is being discussed and the outcome/result.
 - c. The Exit Letter should reflect any notice given to the District/ESU on any discussion of recommended procedures or improvements. A brief synopsis of technical assistance should also be included.
 - d. All written reports will be on file with NDE. However, if the subrecipient noted any problems or issues in implementing any part of the grant, the Grants Compliance Specialist should annotate what steps the District/ESU is taking to resolve the situation in the Exit Letter.

Corrective Action Related to Federal Grants

4. Follow-up Correspondence
 - a. The District/ESU has fifteen days from receipt of the Exit Letter to submit any missing, incomplete or needed documentation.
 - b. If the subrecipient fails to provide any missing, incomplete or needed documentation, notification of noncompliance will be provided, imposing one of the remedies of noncompliance described in the Corrective Actions Related to Federal Grants Section of this document.
5. Corrective Action
 - a. The GCS may identify a district/ESU as noncompliant because of a federal monitoring finding. Findings will contain a statement of criteria (regulation, directive, or contract clause etc....), the condition found, the cause of the problem, and the effect or consequence that will result if corrective action is not taken.
 - b. Once identified, the district/ESU will be notified through the Exit Letter that they are required to complete a corrective action.

- c. The Exit Letter describes the areas of noncompliance; the required corrective action, including any enforcement actions; and the required completion date pursuant to the Corrective Actions Related to Federal Grants Section of this document.
- d. If the report contains findings, the subrecipient has (30) days from the date of the monitoring report to either:
 1. Dispute the findings with written comments and any supporting documentation that demonstrates the inaccuracy of the finding, or
 2. Submit a Corrective Action Plan (CAP) specifying the plan to remedy, including any enforcement action by the completion date prescribed in the Exit Letter.
 3. If the subrecipient fails to correct the findings of noncompliance the NDE will impose one of the remedies for noncompliance described in the Corrective Actions Related to Federal Grants Section of this document.
 4. The CAP must be fully implemented within six months from the date of the monitoring report.
 5. Follow-up reviews may be conducted by the Monitor to ensure timely implementation, as necessary.

Resolution

6. The GCS will consider all findings resolved only after the subrecipient has provided sufficient evidence that the corrective action has been fully implemented.
7. At such point, a closeout letter will be issued to the subrecipient indicating that all findings have been resolved and to document that conditions and/or restrictions have been lifted.

Technical Assistance

8. The Monitor may follow up with the subrecipient to provide ongoing technical assistance to facilitate grant compliance, as needed.
9. The subrecipient may also request technical assistance from GCS monitoring staff for nonprogrammatic grant management activities.
10. Programmatic technical assistance is provided by Grant Program staff.

FISCAL MONITORING CYCLE & RISK ASSESSMENT PROCEDURES

The Office of Budget & Grants Management through the Grants Compliance Division supports subrecipients of Federal grant awards through fiscal monitoring practices which targets accountability based on quality over quantity through sequential sampling monitoring, risk assessment categories, and

field/desk review identified by the districts/ESU's identified risk-based needs. Annual Technical assistance is provided to all districts and independently as needed.

The fiscal monitoring cycle and schedule is determined annually in the following sequential order:

1. Sequential Sampling Monitoring
2. Risk Assessment (Monitoring Categories & Cycle)
3. Field or Desk Determination

SEQUENTIAL SAMPLING MONITORING

Sequential sampling is a non-probability sampling technique that consists in picking a single or a group of subjects in a given time interval. This sampling method will ensure that the NDE monitors all districts, ESUs receiving funds from federal grant programs identified by internal controls are subject to fiscal monitoring efforts at **any given point of time in a three (3) years cycle at a minimum.**

Note: Previously the NDE programmatic monitoring schedule was based on a five (5) year cycle. Upon Nebraska Auditor of Public Accounts (APA) recommendation, the programmatic monitoring interval of a three (3) year cycle was adopted. The GCS has adopted the three (3) recommendation as a base (and at a minimum) as best practices for a fiscal monitoring cycle.

RISK-BASED MONITORING AND RISK ASSESSMENT

The risk-based monitoring method will be used on an on-going basis. The GCS will perform an annual risk assessment of all subrecipients receiving funds from federal grant programs identified by internal controls and have data available. A **Subrecipient RISK Assessment form (Appendix IV)** will be completed annually. This score sheet consists of indicators and graded rubrics using several metrics in line with federal compliance requirements of 2 CFR 200.331, generally accepted accounting principle, and internal control best practices.

The data used to score subrecipients are based on programmatic and fiscal data and collected throughout the year. The maximum score a subrecipient can achieve is **5 points.**

Based on the Subrecipient RISK Assessment cumulative score derived from all, each entity will be classified in three different risk categories, as described below:

- Low Risk Grantee: 0-1 points
- Medium Risk Grantee: 2-3 points
- High Risk Grantee: 4-5 points

RISK CATEGORIES & CYCLE

LOW RISK

Districts/ESUs falling into this category will be subject to the sequential monitoring schedule for a desk or field review **every three (3) years** as described above. Depending on the risk level posed by the non-compliance issue, the district/ESU might be on schedule for annual GCS training and technical assistance in the months following the annual risk assessment, or independently, if deemed necessary.

MEDIUM RISK

Districts/ESUs falling into this category **may be subject** to a desk or field review for the monitoring cycle being determined depending on the risk level posed by the noncompliance issue or until the GCS has determined that they meet all the criteria to be removed from this category. Or the determination, depending on the risk level posed by the noncompliance issue, to provide the district/ESU training and technical assistance in the area of noncompliance in the months following the annual risk assessment.

HIGH RISK

Districts/ESUs falling into this category will be subject to a desk or field review **every year** until the GCS has determined that the entity meets all the criteria to be removed from this category.

US Department of Education Programs – Under 2 CFR 3474.10 the State Education Agency (SEA) may designate the subrecipient as a “high risk grantee” and impose the specific conditions established under 2 CFR 200.207(b) and (c) as “high-risk conditions”.

RISK ASSESSMENT PROCEDURE

1. The Office of each Federal grant identified in the internal controls (and have data available) will be required to complete a risk assessment to determine a level of risk based on:
 - a. Entity’s level of experience with grant program,
 - b. Previous audits and Single Audit accordance,
 - c. New personnel and/or changes systems,
 - d. Receive awards directly from a Federal awarding agency,
 - e. Previous allegations of misuse, misconduct, or violation of grant funds,
 - f. Previous grant audit issues or failure to comply with regulations,
 - g. Failed to comply with grant application, certifications, or revisions
 - h. Subrecipient files maintained electronic or hard copies and easily accessed
2. Risk assessments will have questions answered by each program and program staff responsible for the entity being evaluated.

3. A risk response if required for each question.
 - a. Zero (0) – No finding to report
 - b. One (1) – No significant finding
 - c. Two (2) – Some minor finding
 - d. Three (3) – Moderate findings
 - e. Four (4) – Some significant high-risk factors
 - f. Five (5) – Many significant high-risk factors
4. The Subrecipient RISK Assessment form was developed to support each program and staff member completing the risk assessment for their program and subgrantee.
5. If a subgrantee is assessed a 3 or above an individual Risk Assessment form is required to be completed outlining the risk at that entity. This would most likely move this entity up to be monitored that year if not already on the schedule.
6. The GCS completes:
 - a. Questions #2 and #4 - pertaining to direct knowledge of the subgrantee's outside audits conducted, and part of question #6 pertaining to previous audit issues.
7. Once the Subrecipient RISK Assessment form is complete, all scoring is added together for a total and divided by 8 to determine the program risk assessment score for the subrecipient.

RISK CATEGORY CALCULATION & DETERMINATION

1. A Subrecipient RISK Assessment form is completed for each Federal grant award a subrecipient receives.
2. Once all Subrecipient RISK Assessment forms are complete and returned to the GCS within specified timeframes, all scoring is compiled into a single document.
3. For each subrecipient, the final Subrecipient RISK Assessment score for each federal grant award assessed will be added together and then divided by the number of federal grants awards assessed for an overall risk category determination.
4. Other factors that may be considered in the risk assessment process at the discretion of the GCS Fiscal Monitor, Section Director, or Office Administrator:
 - Failure to submit timely reimbursement requests
 - District identified for Improvement
 - Late application submission
 - Lack of alignment between actual expenditures and approved budgets

- Failure to adhere to the terms and conditions of the awards
- Excess carryover
- Other risk factors that may become apparent

FIELD/DESK REVIEW DETERMINATION

The GCS Director will make final determination whether the districts/ESUs selected will be subject to a desk review or a field review. The factor used in making that determination shall be based on the size of the award amount in the last three recent fiscal years, as follow:

- Award amount \$750,000 or less: **less likely** to be subject to a field review
- Award amount \$750,000 - \$1,500,000: **somewhat** likely to be subject to a field review
- Award amount \$1,500,000 or more: **most** likely to be subject to a field review

Other factors which could impact the determination whether the districts/ESU selected bill be subject to a desk review or field review include, but are not limited to:

- Labor resources (staff time) available to initiate and conduct timely monitoring reports, and/or unexpected or extraordinary circumstances that would prevent travel.

Other categories which will automatically trigger a field review in the fiscal monitoring schedule, but is not limited to:

- If a grantee is classified as high risk in the annual risk assessment,
- If the grantee was under a Corrective action the prior fiscal monitoring cycle,
- If the grantee was under any of the Enforcement Action listed below.

The NDE awards federal funds to approximately 244 school districts and 17 ESUs. Therefore, this sampling method will allow GCS to monitor approximately sixty (60) to eighty (80) subrecipients per year.

CORRECTIVE ACTIONS RELATED TO FEDERAL GRANTS

Corrective actions can be imposed by the NDE when subrecipients of federal grants fail to comply with the terms and conditions of federal grant programs. The purpose of the corrective action is to ensure that the subrecipient corrects the noncompliant activity.

The GCS may identify a subrecipient as noncompliant because of findings in a:

- single audit,
- a federal monitoring review, or
- because of concerns identified through other means.

Once identified, the subrecipient will receive notification of the requirement to complete a corrective action. The notification describes:

- the areas of noncompliance;
- the required corrective action,
- any enforcement actions,
- and the required completion date.

TYPES OF NONCOMPLIANCE

Types of noncompliance may include, but are not limited to, the following:

- Expenditure of funds or conducting activities that are not in accordance with the grant’s authorizing statute, regulations, guidelines, or approved application.
- Failure to account for funds in accordance with financial management standards or with the [NDE Administrative Rules](#):
 - Title 92, Chapter 1: School Audit Procedures
 - Title 92, Chapter 2: Uniform System of Accounting
- Findings in a single audit conducted by an independent auditor.
- Failure to comply with:
 - Programmatic or fiscal reporting requirements
 - Previous required corrective actions, refund requests, or special conditions

ENFORCEMENT ACTION

The GCS may impose an enforcement action as part of a corrective action or for noncompliance with a previous corrective action. 2 CFR 200.338, authorizes the NDE to impose enforcement actions. Enforcement actions may include the following:

- Temporarily withhold cash payments pending correction of the deficiency or more severe enforcement action.
- Disallow all or part of the cost of the activity or action not in compliance.
- Wholly or partly suspend or terminate the federal award.
- Initiate suspension or debarment proceedings.
- Withhold further federal awards for the grant.
- Take other remedies that may be legally available.
 - The NDE may deny a grant application for federal funding as an enforcement action.

The NDE Office of Legal Services may depending on issues detected review noncompliance prior to enforcement action being imposed.

HOW TO COMPLETE A CORRECTIVE ACTION

To complete a corrective action, the subrecipient must demonstrate that it has corrected the activity that caused the noncompliance. The subrecipient must do this by providing specific documentation that supports the completion of the corrective action by the date specified.

Submit the required documentation to the GCS Fiscal Monitor email indicated on the corrective action notification. If there are questions about the corrective action, may call the GCS Fiscal Monitor phone number indicated on the corrective action notification.

WHERE TO SEND REFUNDS

If a corrective action requires repayment of federal funds, submit refund to:

Nebraska Department of Education
Office of Budget & Grants Management - GCS
301 Centennial Mall South
Lincoln, NE 68509

POTENTIAL CONSEQUENCES OF FAILING TO COMPLY

Failure to complete the corrective actions in a timely and adequate manner (by the deadline given in the notification) can result in NDE taking further enforcement actions against a subrecipient of a federal grant. See 2 CFR 200.338 for more information.

SINGLE AUDIT PROCEDURES

Monitoring of Single-Audit Findings

As part of its subrecipient monitoring functions, the GCS reviews the single-audit reports for federal grant subrecipients that receive federal grants from NDE. This monitoring is done to ensure that federal grants are used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of federal awards, a requirement given to NDE in 2 CFR 200.331. This describes single-audit requirements for both subrecipients and NDE, the monitoring process, and what you can expect if your organization's single-audit contains findings.

Subrecipient Single-Audit Requirements

An organization must have a single-audit conducted by an independent auditor if it expends **\$750,000** or more in federal grant funds in that fiscal year. This requirement is given in 2 CFR 200.501(a).

Submitting the Single-Audit Report to NDE

Subrecipients that are LEAs, such as school districts and ESUs, must submit the single-audit report to NDE with their annual financial and compliance reports (AFRs) and must also submit their AFRs to the Federal Audit Clearinghouse. More information about submitting the AFR to NDE is available online from the NDE School Financial Division. Subrecipients that are not LEAs, such as nonprofit organizations, must also submit their single-audit reports to NDE. If your organization receives federal grants funds, NDE may send you a letter each fiscal year asking you to submit your single-audit report or to certify that the requirement does not apply to your organization because you did not expend more than \$750,000 in federal grant funds.

Other Requirements for Subrecipients

Subrecipients of federal grant funds must comply with all of the single-audit requirements for auditees given in 2 CFR 200.508.

Single-Audit Requirements for NDE

NDE is required by 2 CFR 200.331(d)(3) and 200.521(a) and (c) to issue a management decision for all findings in a subrecipient's single-audit report that involve federal grants awarded by NDE. The management decision states whether the agency sustains or does not sustain each single-audit finding and the reason for doing so. NDE must issue the management decision within six months of either the date it receives the single-audit report or the date the report is accepted by the Federal Audit Clearinghouse, whichever is earliest. NDE is also required to follow up with subrecipients to ensure they complete corrective actions that address the findings. The management decision includes any corrective actions that need to be completed and a deadline for completion. Some corrective actions may include an enforcement action that requires the subrecipient to return federal funds to NDE. NDE's requirements to follow up on single-audit findings are given in 2 CFR 200.331(d)(2) and 200.521(a).

NDE Single-Audit Monitoring Process

GCS staff review each single-audit report and each finding related to federal grants administered by NDE identified by an independent auditor.

Sustaining or Not Sustaining Each Finding

GCS staff carefully review the single-audit report and the subrecipient's management response for each finding in making the determination to sustain or not sustain the finding. In general, GCS staff sustain a finding, unless they determine that at least one of the following is true:

1. The independent auditor misinterpreted federal statute.
2. There is new federal guidance that was not available to the auditor when the single-audit was conducted.

As part of their review, GCS staff verify that the independent auditor applied the correct federal regulations when conducting the single audit. If the independent auditor did not apply the correct regulations, division staff may not sustain the finding.

Findings with Questioned Costs

If your single-audit findings include questioned costs, GCS may correspond with you about specific questions related to the questioned costs. NDE may also ask you about questioned costs not identified in the single-audit report, but which staff believe the independent auditor **should** have associated with a certain finding. In this situation, staff will instruct you to contact your independent auditor, who must calculate a questioned cost amount.

The Management Decision

Once GCS staff decide to sustain or not sustain each of the organization's findings, they issue the management decision, which will give the reason for each decision. The management decision will include corrective actions required to address the findings and timeline to complete them.

Corrective Actions

If you have not already completed corrective actions to address each single-audit finding, your organization's management decision will include a specific required action and a deadline for completion. For example, if a finding was related to missing time and effort documentation, NDE may require you to submit a copy of your internal policies and procedures to demonstrate that you have addressed the documentation issue.

Enforcement Actions

If NDE sustains findings with questioned costs, it will usually disallow the costs and impose a corrective action that requires your organization to return funds to NDE. Your organization's management decision will include the refund amount, the deadline for submitting the refund, and other information. Your organization may also have to complete corrective actions for findings with questioned costs.

UNEXPECTED OR EXTRAORDINARY CIRCUMSTANCES

Unexpected or Extraordinary Circumstances Policy

In a Pandemic or other factors out of GCS control that deems GCS is not able to travel to subrecipients for on-site monitoring. Many of the above policies and/or procedures may be altered in order to accommodate a no travel issuance.



NEBRASKA

DEPARTMENT OF EDUCATION

[Date]

[Name of Superintendent], Superintendent

[District/ESU Name]

[District/ESU Address]

[District/ESU City, State, Zip]

Dear Superintendent [Insert Last Name]:

The Nebraska Department of Education (NDE) planned to visit [Insert District/ESU Name] this year to conduct an onsite compliance visit of the district's Time & Effort logs, Internal Controls, and Policies and Procedures. Your school district has been selected for a(n) [Insert either On-Site or Office Based (Desk Review)] the week of [Insert date].

Please provide the following documentation via email to Tom Goeschel, tom.goeschel@nebraska.gov or Merci Suarez, merci.suarez@nebraska.gov, no later than [Insert date documentation is due]. The monitoring will cover your [Insert district's/ESU's] [Insert year that is to be reviewed] school year.

Documentation Required:

1. Accounting Report with detailed information, i.e. object code, dates, personnel pertaining to the payment, total amounts, etc).
2. Time and Effort supporting documents.
3. Copy of Employment Contract for personnel identified on the Accounting Report for the 2018-19 school year.
4. A copy of the district's pay scale for the 2018-19 school year.
5. Invoices for which reimbursement is being requested.
6. Documentation to support Journal Entries associated with the accounting report.

NDE's compliance specialists, Tom Goeschel or Merci Suarez will review the documentation submitted, contact you with any questions or clarification, and upon completion of the review will hold a Zoom meeting/conference call to discuss the findings. After this meeting, an official letter outlining the results of the review will be mailed to the [Insert district/ESU].

NDE conducts these reviews to ensure compliance with Federal regulations and laws. These reviews are also conducted to comply with sub-recipient monitoring requirements. All Federal grant funds included as a part of your school district's Federal funding are subject to review. We will determine if any issues are identified using the Code of Federal Regulations (2 CFR Part 200).

If you have any questions concerning the compliance review and/or requested information, please contact us at.

Sincerely,

[Insert Specialist Name]

[Insert Specialist Name]
Grants Management Specialist
(402) xxx-xxxx or
Email - xxx.xxxxxxx@nebraska.gov

[Insert Specialist Name]
Grants Management Specialist
(402) xxx-xxxx or
Email - xxxxx.xxxxxx@nebraska.gov

APPENDIX B

Nebraska Department of Education
 Fiscal Review of Federal requirements as listed
 School District: _____
 School Year 2019-20

AP-1

Objective: Verify proper documentation is on hand at the school districts to ensure compliance with 2 CFR.

Step	Work Paper	By/Date
<p>A - Planning</p> <p>1) Contact School District to set up dates for the fiscal review.</p> <p style="padding-left: 40px;">a) Send Superintendent, Federal Director and/or Business Manager list of requested documentation.</p> <p>2) Review prior fiscal and program reviews for areas of concern.</p> <p>3) Review the school district’s independent audit report for reliance to be placed on the district’s records. Note any exceptions or concerns that could affect State or Federal special education funding.</p> <p>B - Time and Effort Testing</p> <p>4) Verify time and effort records are established for all Federal Grants. (IDEA, Title, Perkins, Homeless, Migrant, Early childhood, etc.) 2 CFR 200.430 (i)(1)</p> <p>5) Examine payroll records for the following:</p> <p style="padding-left: 40px;">a) Select _____ teachers/supervisors.</p> <p style="padding-left: 40px;">b) Verify salaries claimed are properly allocated between the Federal programs claimed on Time & Efforts Logs</p> <p style="padding-left: 40px;">c) Person was allowable and paid during the project award period.</p> <p style="padding-left: 40px;">d) Verify payroll for other teaching assignments and/or other duties (e.g. Coaching, class sponsor) are not coded to Federal programs</p> <p>6) Verify Grant amounts were properly reported.</p>		

Nebraska Department of Education
 Fiscal Review of Federal requirements as listed
 School District: _____
 School Year 2019-20

AP-2

Step	Work Paper	By/Date
<p>7) If above is a PAR (more than one federal award, federal and nonfederal, indirect and direct, or unallowable activity)</p> <p style="margin-left: 40px;">a) Must include the following elements (the employees actual activity and employees signature)</p> <p style="margin-left: 40px;">b) Must also meet the following requirements (Prepared after work performed, must account for total activity the employee is compensated, prepared at least monthly and coincide the pay periods, and agree with supporting documentation.</p> <p>C - Indirect Cost</p> <p>8) Verify the correct indirect cost rate is being used 2 CFR 200.414</p> <p>D - Internal Controls – 2 CFR 200.303</p> <p>9) Verify there are documented Internal Controls</p> <p style="margin-left: 40px;">a) Payroll, purchasing, check writing, P-Card</p> <p>E - Policies and Procedures</p> <p>10) Verify there are documented Policies and Procedures</p> <p style="margin-left: 40px;">a) Payroll</p> <p style="margin-left: 40px;">b) Suspension and Debarment 2 CFR 200.212</p> <p style="margin-left: 40px;">c) Financial Management 2 CFR 200.302</p> <p style="margin-left: 40px;">d) Cost Sharing or Matching 2 CFR 200.306</p> <p style="margin-left: 40px;">e) Program Income 2 CFR 200.307</p> <p style="margin-left: 40px;">f) Equipment 2 CFR 200.313 (And Inventory)</p> <p style="margin-left: 40px;">g) Procurement 2 CFR 200.318 through 2 CFR 200.326</p> <p style="margin-left: 40px;">h) Record Retention 2 CFR 200.333</p> <p style="margin-left: 40px;">i) Unexpected or extraordinary circumstances</p>		

Nebraska Department of Education
 Fiscal Review of Federal requirements as listed
 School District: _____
 School Year 2019-20

AP-3

Step	Work Paper	By/Date
<p>B - Other</p> <p>11) Other Procedures:</p> <ul style="list-style-type: none"> a) Supplies 2 CFR 200.314 – A computing device would be considered a supply under 2 CFR 200.20 definition, however, the State would strongly encourage LEA’s to have policies and procedures to track these highly susceptible items. b) Contracted service or other services – Obtain invoices if applicable. c) Supplies – Test supplies if applicable and if material d) Travel – Test travel if applicable and if material. <p>F - ESSER – Cares Act</p> <p>12) ESSER – Cares Act New Criteria</p> <ul style="list-style-type: none"> a) Meet the criteria of the 12 allowable uses b) Meet the criteria for salary and benefits for extraordinary and unexpected circumstances c) Time and Effort meet the ESSER criteria <p>G - Wrap-up</p> <p>13) Exit meeting was held.</p> <p>14) Workpapers and draft district letter reviewed by:</p> <ul style="list-style-type: none"> a) Jen Utemark and/or Dan Harshman b) Tom Goeschel and/or Merci Suarez <p>15) District letter mailed.</p> <p>16) Workpapers complete and ready for filing.</p>		

<p>Nebraska Department of Education Elementary and Secondary School Emergency Relief (ESSER) Fund</p> <p>Understand the Allowable Uses of Funds Although ESSER funds are distributed to LEAs based on the same formula used for Title I, Part A allocations, these allocations are not Title I, Part A funds. Rather, ESSER is its own, separate, and flexible program intended to support COVID-19 response efforts. Guidance states that all grants be used <i>“to prevent, prepare for, and respond to coronavirus.”</i></p> <p>Local educational agencies that receive funds under the CARES Act may use the funds for the following services:</p> <ol style="list-style-type: none"> 1. Any activity authorized under the federal Every Student Succeeds Act (ESSA), including the <ol style="list-style-type: none"> a. Individuals with Disabilities Education Act (IDEA) b. Adult Education and Family Literacy Act c. Carl D. Perkins Career and Technical Education Act of 06' d. Subtitle B of title VII of the McKinney-Vento Homeless Assistance Act or e. Adult Education and Family Literacy Act 2. Coordination of preparedness and response efforts of local educational agencies with State, local, Tribal, and territorial public health departments, and other relevant agencies, to improve coordinated responses among such entities to prevent, prepare for, and respond to coronavirus. 3. Providing principals and others school leaders with the resources necessary to address the needs of their individual schools. 4. Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of each population. 5. Developing and implementing procedures and systems to improve the preparedness and response efforts of local educational agencies. 		
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Nebraska Department of Education
 Fiscal Review of Federal requirements as listed
 School District: _____
 School Year 2019-20

AP-5

Step	Work Paper	By/Date
<p>6. Training and professional development for staff of the local educational agency on sanitation and minimizing the spread of infectious diseases.</p> <p>7. Purchasing supplies to sanitize and clean the facilities of a local educational agency, including buildings operated by such agency.</p> <p>8. Planning for and coordinating during long-term closures, including for how to provide meals to eligible students, how to provide technology for online learning to all students, how to provide guidance for carrying out requirements under the Individuals with Disabilities Education Act (20 U.S.C. 1401 et seq.) and how to ensure other educational services can continue to be provided consistent with all Federal, State, and local requirements.</p> <p>9. Purchasing educational technology (including hardware, software, and connectivity) for students who are served by the local educational agency that aids in regular and substantive educational interaction between students and their classroom instructors, including low-income students and students with disabilities, which may include assistive technology or adaptive equipment.</p> <p>10. Providing mental health services and supports.</p> <p>11. Planning and implementing activities related to summer learning and supplemental afterschool programs, including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, students with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care.</p> <p>12. Other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational.</p>		



NEBRASKA

DEPARTMENT OF EDUCATION

[Date]

[Name of Superintendent], Superintendent

[District/ESU Name]

[District/ESU Address]

[District/ESU City, State, Zip]

Dear Superintendent [Insert Last Name]:

The Nebraska Department of Education (NDE) would like to express its appreciation for the cooperation received during the federal fiscal review conducted on [Insert Date]. The Review involved monitoring of Time and Effort Logs, Internal controls, and Policies and Procedures for the [Insert year reviewed] school year.

With the acceptance of federal program funds comes responsibility in various arenas: internal controls, equipment, indirect costs, procurement, record retention, financial management, and suspension and debarment. Attached you will find an outline of what is required under each of these areas, as well, as examples of required supporting documentation.

School district records supporting the expenditures related to the Federal programs were made available and monitored.

The compliance visit of the [Insert year reviewed] school year revealed:

Time and Effort Logs

- Early Childhood – [Insert results of review; if not reviewed Insert None Claimed.]
- Federal Programs - [Insert results of review; if not reviewed Insert None Claimed; if time and effort were not provided or were incorrect INSERT Per Federal guidance it is recommended that time and effort reports reflect actual time worked and paid.]
- IDEA/SPED - [Identify each grant and insert results; if no IDEA programs were claimed, Insert None Claimed.] [If time and effort were claimed but documentation was not provided or was incorrect, INSERT the following phrase: Per Federal guidance it is recommended that time and effort reports reflect actual time worked and paid.]
- Perkins – [Insert results of review; if not reviewed Insert None Claimed.]

Internal Controls and Policies and Procedures

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

- Was noted during previous outside audits that there was [Insert identified deficiencies]. Per Federal guidance they would suggest developing a compensating control to mitigate the segregation of duties issue.

Policies and Procedures

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

- Was noted during the review of your policies and procedures that the [Insert district's/ESUs] policies and procedures on grant compliance should be updated to include reference to 2 CFR 200. Please review the attached policies and procedures listing for all grants and ensure you are in compliance.

As a result of these issues we will follow up again to ensure compliance has been met.

The compliance desk review disclosed are the result of only items reviewed during the review. Compliance with all Federal laws and regulations applicable to the school district is the responsibility of the school district's management. The compliance review issues only reflect the results of the compliance review sample and should not be misconstrued as an endorsement of areas not reviewed.

If you have any comments or concerns about the results of this compliance review please notify us by [Insert date – allow one week for response].

Sincerely,

[Insert Specialist Name]

and

[Insert Specialist Name]

[Insert Specialist Name]

Grants Management Specialist

(402) xxx-xxxx or

Email - xxx.xxxxxxx@nebraska.gov

[Insert Specialist Name]

Grants Management Specialist

(402) xxx-xxxx or

Email - xxx.xxxxxxx@nebraska.gov

cc: [Insert Administrator of Budget & Grants Management and all Program Administrators]



APPENDIX D

Subrecipient RISK Assessment

NAME OF SUBRECIPIENT:		
SUBRECIPIENT CONTACT NAME:		
RISK SCORE:		(Please take cumulative score from all below scores and divide by 8 to get Risk score for box to the left.)

0	No Findings To Report	If the subrecipient is in full compliance with the criteria, the subrecipient receives a score of 0.
1	No Significant Findings	If there are a few concerns, but they are relatively minor, the subrecipient receives a score of 1.
2	Some Minor Findings	A score of 2 indicates there are several concerns but they are still relatively minor infractions related to the subrecipient's performance.
3	Moderate Findings	A score of 3 indicates a moderate level of concern with the subrecipient's performance related to the criterion. Several specific risk factors are evident.
4	Some Significant High Risk Factors	A score of 4 indicates a high level of concern with the grantee's performance related to the criterion. Several specific risk factors are evident in more than two evaluation standards.
5	Many Significant High Risk Factors	A score of 5 supersedes the risk level of "high risk" and evidences non-compliance in three or more standards. The subrecipient requires immediate and intensive monitoring and may require de-obligation of funds.

Note: Depending on the Risk Assessment score above program reviewers or fiscal reviewers will determine a proper level of review. (i.e. technical assistance, training, phone calls, desk review, on-site visits, or multiple visits.)

PLEASE ANSWER THE FOLLOWING QUESTION YES OR NO AND THEN ASSIGN A SCORE BASED ON THE GUIDANCE PROVIDED ON PAGE 2		
1.	Does the subrecipient have prior experience with this grant program or similar grant programs?	<input type="checkbox"/> YES <input type="checkbox"/> NO ___SCORE
2.	Does the results of previous audits include whether or not the subrecipient receives a Single Audit in accordance with Subpart F of 2 CFR 200.331, and the extent to which the same or similar subawards has been audited as a major program?	<input type="checkbox"/> YES <input type="checkbox"/> NO ___SCORE
3.	Does the subrecipient have new personnel and/or new or substantially changed systems?	<input type="checkbox"/> YES <input type="checkbox"/> NO ___SCORE
4.	Does the subrecipient also receive Federal awards directly from a Federal awarding agency?	<input type="checkbox"/> YES <input type="checkbox"/> NO ___SCORE
5.	With past grants, have there been allegations of misuse of funds, misconduct, or violations of grant conditions?	<input type="checkbox"/> YES <input type="checkbox"/> NO ___SCORE
6.	In the subrecipient's grant history, have there been past audit issues, inadequate grant management, or failure to comply with federal or state requirements?	<input type="checkbox"/> YES <input type="checkbox"/> NO ___SCORE
7.	Are there instances in the past where the subrecipient failed to comply with grant applications, grant-specific conditions, certifications, or approved revisions?	<input type="checkbox"/> YES <input type="checkbox"/> NO ___SCORE
8.	Are complete grant files maintained by the subrecipient in either electronic form or hard copies and can documents be accessed easily?	<input type="checkbox"/> YES <input type="checkbox"/> NO ___SCORE

Comments:

Take cumulative score from all above scores and divide by 8 to get Risk score for above.

NDE Program Representative

Guidelines for Completing Subrecipient Risk Assessment

Question	Response	Ranking
Question 1	YES - Subrecipient has prior experience with this grant or other grants NO – Subrecipient has NO prior experience with this or any grants <i>(Source – GMS and program reviewer)</i>	0 1-5
Question 2	YES – Single Audit required AND a major program (Any significant deficiency or material weakness is an automatic 5 if major program was audited) NO – Any significant deficiency or material weakness on non-single audit that could affect grants <i>(Source – Audits - Tom Goeschel)</i>	1-5 1-5
Question 3	YES – New personnel and/or new or changed system NO – No new or changed system and no new personnel <i>(Source – GMS and program reviewer)</i>	1 0
Question 4	YES – Federal awards received directly from Federal agency NO – No federal awards received directly from Federal agency <i>(Source – Entity and program reviewer)</i>	1 0
Question 5	YES – Misuse of funds, misconduct, or violations of grant NO – No misuse of funds, misconduct or violations of grant <i>(Source – Audits – Tom Goeschel)</i>	2-5 0
Question 6	YES – Past audit issues, inadequate grant management, failure to comply with federal or state requirements NO – No past audit issues, inadequate grant management, failure to comply with federal or state requirements <i>(Source – Audits – Tom Goeschel)</i>	2-5 depending on severity 0
Question 7	YES – Failure to comply with grant applications, grant specific conditions, certifications, or approved revisions. This would include not meeting deadlines. NO – Has met all requirements for grant applications, grant specific conditions, certifications, or approved revisions. <i>(Source – Audits and program reviewer)</i>	2-3 0
Question 8	YES – Complete grant files are maintained and accessible NO – Incomplete grant files, cannot locate documentation <i>(Source – Program reviewer)</i>	0 2

2 CFR 200.331

Part B below is from 2 CFR 200.331 and are the questions 1 through 4 on the above risk assessment.

(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 - Audit Requirements 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).

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.207 Specific conditions.

Based on the risk score, determine the appropriate subrecipient monitoring described in 2 CFR 200.331 (d) and (e). See below for actual CFR language.

Part C is from 2 CFR 200.331 and once the risk assessment is complete you either impose specific conditions on the subrecipient or impose Part E monitoring below. Agency already reviews all items in Part D.

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

(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 Audit services.