



# UTAH STATE BOARD OF EDUCATION

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## MEMORANDUM

**TO:** Members, Utah State Board of Education

**FROM:** Natalie Grange  
Assistant Superintendent of Financial Operations

**DATE:** November 3-4, 2016

**ACTION:** Non-LEA Sub-recipient Monitoring Report- FY2015

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### **Background:**

Financial Operations performs monitoring of Non-LEA sub-recipient's compliance with state and federal audit requirements. Corrective action notifications are sent for certain types of findings and these issues communicated to the sections that awarded federal funds to the Non-LEA sub-recipient. Some of these sub-recipients have a calendar fiscal year end and are not required to submit audit reports until June of the year following their fiscal year.

### **Board Strategic Plan:**

This item supports the following imperative(s) and strategies in the Board's Strategic Plan:

- Educational Equity
- System Values

### **Anticipated Action:**

The Committee will receive the report and forward it the full Board.

**Contact:** Natalie Grange, Assistant Superintendent of Financial Operations, 801-538-7668



# Utah State Board of Education

## Report on Monitoring of Non-LEA Entities FY2015 –Final

Prepared by Natalie Grange, Assistant Superintendent of Financial Operations

10/17/2016

### Monitoring Process

The Utah State Board of Education (USBE) serves as the prime recipient for numerous federal grants. The grants are awarded and passed through to various sub-recipients by the USBE. The USBE, as the pass through entity, is required by OMB Circular A-133 to ensure that sub-recipients expending \$500,000 or more in Federal awards during a fiscal year have met single audit requirements of A-133. With the new Federal Uniform Guidance, this threshold will increase to \$750,000 beginning in fiscal year 2016. The USBE School Finance (SF) section has instituted a yearly monitoring process for all sub-recipients of federal funds from the USBE. The following details the procedures and results of our monitoring process over colleges and universities, applied technology colleges, various non-profit entities, and others that receive federal funds from the USBE but are not a local education agency (LEA). Some Non-LEA sub-recipients report on a fiscal year ending in June. Their audits or certifications were requested and reviewed December 2015 - March 2016 depending on if a Federal Single Audit was required. Some Non-LEA sub-recipients report on a calendar year ending in December. These audits and certifications were requested and reviewed from June - September 2016. The following summarizes the results of these reviews. Reviews and certifications are occurring now for FY2016.

We initially identified approximately 236 non-LEAs using expenditures from the FINET accounting system for FY2015. We excluded non-LEAs whose sole source of funding came from the Child Nutrition Program (CNP). The CNP program has an existing audit monitoring process completed by CNP staff. The remaining non-LEAs were assessed, and a threshold of \$100,000 was established. Non-LEAs who received federal funding from the USBE in an amount above the threshold limit were monitored for compliance under A-133, if applicable.

### Results of Monitoring

Thirty-one non-LEA entities were identified for testwork. Certification forms were sent to each of the non-LEAs for which single audits were not available online. Financial and single audits, including the management letters, were reviewed if the non-LEA certified that they expended more than \$500,000 in total federal funds during FY2015.

We noted two non-LEAs with findings of noncompliance or audit findings that were applicable to the programs administered at the USBE. These findings both related to the Career and Technical Education (CTE) Program. Follow-up letters were sent to these entities requesting that corrective actions be implemented. School Finance received response letters from these two entities providing verification that corrective actions have been implemented.

The USBE CTE Director has been notified of these issues and the follow-up responses received. The CTE section is planning on continuing to monitor all reimbursement requests for these entities and will ensure policies and procedures are sufficient moving forward.

School Finance did not note findings relating to the federal funding passed through the USBE for the other entities reviewed. As such, no further follow-up is required with these sub-recipients.