



2019-2020 Risk Assessment Guide

Description

The law requires the Arizona Department of Education (ADE) to monitor the activities of its sub-recipients to ensure that the sub-award is used for: authorized purposes, in compliance with federal statutes, regulations, the terms and conditions of the sub-award and that sub-award performance goals are achieved.

Under § 200.331(b) the Uniform Grant Guidance describes the requirements of a pass-through entity (ADE) to complete a risk assessment on their sub-recipients. The guidance allows ADE the authority to develop a risk assessment to meet the state's needs. In addition, it allows ADE the flexibility to develop grant specific risk assessments and address various grants requirements.

Process

ADE created a catalog of required criteria for the risk assessment by using appropriate public metrics such as graduation dates, dropout rates, and Single Audit findings. Data sets such as AZMERIT and/or AZELLA scores were utilized as indicators providing a reasonable basis for the results based on our assessment objectives and federal requirements. Scoring calculation is specific to each individual LEA. ADE believes that the evidence obtained from the data provides reasonable conclusions to determine if an LEA is Low, Medium or High Risk.

Understanding the Risk Indicators

Five categories were determined to be significant indicators of risk that may adversely affect the ability of an LEA to achieve its objectives. The categories include Audit Performance, Academic Achievement, Reporting Timeliness, Fiscal Performance and General Indicators. Each category included the analysis of several data sets. Scores for each data set were combined into a single score to provide an indicator of risk for each category.

Risk Indicators Rubric

AUDIT PERFORMANCE	
Description of Risk Factor	Collection Methods
<p>Federal Fiscal Audits/Monitoring Activity This factor considers the frequency and outcomes of grant funding audit and monitoring activity conducted by the Arizona Department of Education (ADE). If deficiencies are identified during the audit or monitoring activities, it may increase the level of risk associated with the Local Education Agency's (LEA) performance in this area.</p>	Arizona Department of Education, Grants Management, Fiscal Monitoring
<p>ADM Audits (Average Daily Membership) This factor considers the outcomes of Average Daily Membership (ADM) audits conducted by ADE. The audits are a tool to identify overreported or underreported ADM. Discrepancies identified during the audit are potential indicators of deficiencies in internal processes resulting in an elevated level of risk.</p>	Arizona Department of Education ADM Audit
<p>Single Audit Results This factor considers the outcomes of the LEA's prior year Single Audit results. Per 2 CFR 200.331(d), Single Audits are considered a necessary risk criterion as it is a critical component to ensuring federal funds are safeguarded and utilized effectively.</p>	Single Audit
<p>Audit Evaluation Form This factor considers the data collected on the Audit Evaluation Form which is a tool utilized to assure that ADE has sufficient data to establish if an LEA has met the required legal threshold to conduct a Single Audit.</p>	Audit Evaluation Form

ACADEMIC ACHIEVEMENT	
Description of Risk Factor	Collection Methods
<p>Comprehensive or Targeted Schools Comprehensive (C) and Targeted (T) Support and Improvement Schools are among the lowest performing 5% of Title I Schools and have high school graduation rates below 67%.</p>	ADE Support and Innovation Department
<p>AZMERIT Scores - Math AZMERIT is an Arizona standards-based assessment that measures students' knowledge in Math in grades 3-8 and high school. This data is used to understand student performance.</p>	ADE Accountability and Research Department
<p>AZMERIT Scores - English Language Arts AZMERIT is an Arizona standards-based assessment that measures students' knowledge in English Language Arts in grades 3-8 and high school. This data is used to understand student performance.</p>	ADE Accountability and Research Department
<p>AZELLA Scores (Arizona English Language Learner Assessment) AZELLA is a standards-based assessment that meets both state and federal requirements to measure students' English language proficiency. This data is used to understand the growth in proficiency of English Language Learners.</p>	ADE Accountability and Research Department AZELLA Report

<p>Dropout Rates</p> <p>Presently, the emphasis on education reform mandates greater attention to performance measures such as the dropout rate which serves as a key indicator of a LEA's success in maintaining their student population.</p>	ADE Accountability and Research Department Dropout Report
<p>Overall Graduation Rates</p> <p>Graduation rates are required for state and federal reporting purposes. This factor serves as a key indicator of a LEA's success in advancing their student population and helping those students receive their high school diploma.</p>	ADE Accountability and Research Department Graduation Report

REPORTING TIMELINESS	
Description of Risk Factor	Collection Methods
<p>School Finance - Annual Financial Report (AFR)</p> <p>LEAs are required by Arizona Revised Statute to submit an Annual Financial Report (AFR). The lack of a timely and accurate submission of this report may be an indicator of risk.</p>	Annual Financial Report
<p>School Finance - Adopted Budget</p> <p>LEAs are required by Arizona Revised Statute to submit their Adopted Budget to ADE annually. The lack of a timely and accurate submission of this report may be an indicator of risk.</p>	Adopted Budgets
<p>Grants - Completion Reports</p> <p>LEAs are required by Uniform Grant Guidance to submit their Completion Reports to Grants Management within 90 days of the completion of a federal award project. The lack of a timely and accurate submission of this report may be an indicator of risk.</p>	Grants Management Enterprise System
<p>Grants- Funding Application Submissions</p> <p>LEAs are required by Uniform Grant Guidance to have their Funding Application substantially approved prior to obligating and spending funds. This allows for sufficient time to utilize funds. The lack of timely and accurate submission of this report may be an indicator of risk.</p>	Grants Management Enterprise System
<p>Grants - General Statement of Assurance (GSA)</p> <p>LEAs are required to provide assurances annually to guarantee accountability to the Federal Government and State of Arizona. The lack of a timely and accurate submission of this report may be an indicator of risk.</p>	Grants Management Enterprise System

GENERAL INDICATORS	
Description of Risk Factor	Collection Methods
<p>Number of Students Receiving Free/Reduced Lunch</p> <p>The National School Lunch Program (NSLP) is a federally assisted meal program that provides nutritionally balanced, low cost or free lunches to children each school day. Higher program participation results in a higher level of federal funding which can be an indicator for elevated risk.</p>	Health and Nutrition Department Free & Reduced Lunch Report

<p>LEA Grant Award Experience Per Uniform Grant Guidance, this factor evaluates the LEA’s experience with the same or similar awards. Less experience with managing grant funding can be an indicator for elevated risk.</p>	ADE Entity Information Report
<p>LEA Type This factor evaluates the LEA type and considers the varying reporting requirements of the differing entities.</p>	ADE Entity Information Report

FISCAL PERFORMANCE	
Description of Risk Factor	Collection Methods
<p>AZ Auditor Generals Financial Stress Assessment Each year the Auditor General conducts a financial stress assessment of the Arizona school districts and assigns a designation of low, moderate, or high. The inclusion of this factor looks at the entity’s ability to handle multiple financial items in relation to their resources.</p>	AZ Auditor General's Report
<p>Per Pupil Amount The per pupil amount represents the amount of State and Federal funds that an LEA receives per student. Higher per pupil amounts result in higher funding levels which can be an indicator for elevated risk.</p>	Superintendents Annual Financial Report
<p>Federal Award Carryover Percent This factor evaluates the amount of carryover funds an LEA has across applicable federal and state grants. Higher amounts of carryover indicate an elevated potential for risk.</p>	Grants Management Enterprise System
<p>Interest on Federal Grants Per Uniform Grant Guidance, an excess of \$500 of interest earned on federal grant funds must be returned to the federal government. Excess interest indicates an elevated potential for risk.</p>	Grants Management Enterprise System
<p>Interest on State Grants Interest earned on applicable state grant funds must be returned to ADE. Excess interest indicates an elevated potential for risk.</p>	Grants Management Enterprise System
<p>Indirect Cost Rates-Restricted Rate Indirect Cost Rates allow an LEA to recover a portion of their Federal dollars to be used for administrative expenses. A higher percentage rate indicates an elevated potential risk.</p>	Grants Management Enterprise System
<p>Indirect Cost Rates-Unrestricted Rate Indirect Cost Rates allow an LEA to recover a portion of their Federal dollars to be used for administrative expenses. A higher percentage rate indicates an elevated potential risk.</p>	Grants Management Enterprise System
<p>Reimbursement Request Frequency Per Uniform Grant Guidance, LEAs must assure proper cash management. This factor evaluates the frequency in which an LEA is requesting reimbursement of grant funds. Requests that are too frequent or infrequent are indicators of elevated risk.</p>	Grants Management Enterprise System