

Department of Grant Compliance and Administration Internal Controls and Risk Assessment. How Will You React or Respond?

March 24, 2025 | 9:00 AM – 4:00 PM





GCA - Check-In

AA app.smartsheet.com

TEA
Texas Education Agency

Training & Presentation Check-In

Department of Grant Compliance and Administration

Event Name *
Please select the event you are attending.

Attendee Name *
Please enter your name.

Role *
Please enter the title of your role at your LEA, ESC, or organization.

Email (Optional)
Please provide your email address to receive a short evaluation, additional slides and resources, and/or if you would like to be contacted for follow-up.

Department of Grant Compliance and Administration

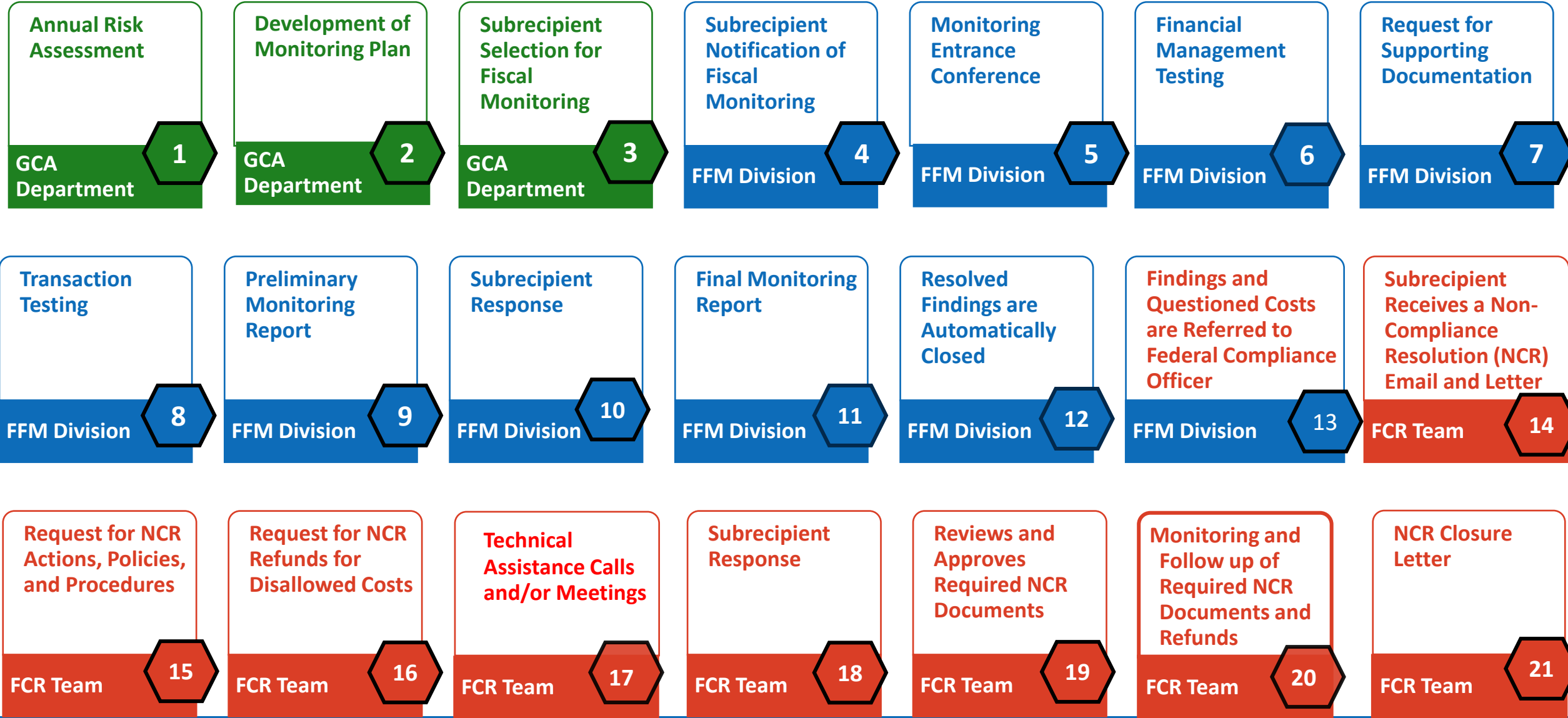
1. This presentation is intended solely to provide general information and guidance to Texas LEAs, ESCs, non-profit subgrantees, and participating Private Schools receiving equitable services. The content in this presentation reflects the Texas Education Agency's current understanding of statute and applicable federal guidance.
2. The content of this presentation is subject to change as a result of future guidance and or other updates provided by federal agencies with regulatory oversight of these programs.
3. This presentation does not constitute legal advice, and entities are, therefore, advised to seek legal counsel regarding the information and guidance provided in this presentation before acting upon the information provided.

Agenda – Part 1

- Risk Assessment Overview
- 2025-2026 Proposed Risk Assessment Indicators
- 2026-2027 Risk Assessment Updates
- Risk Assessment Resources

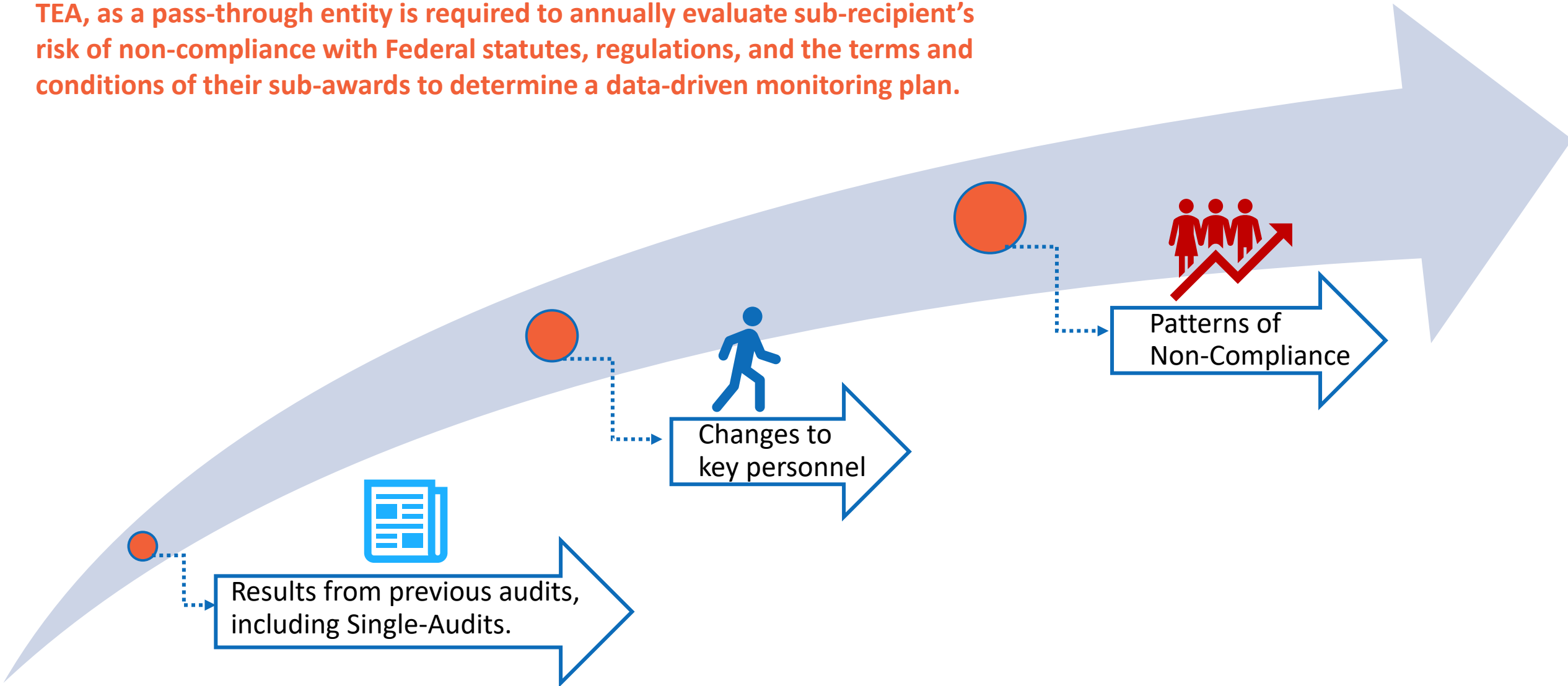


GCA Subrecipient Monitoring Process



Requirements for Pass-Through Entities: 2 CFR § 200.332

TEA, as a pass-through entity is required to annually evaluate sub-recipient's risk of non-compliance with Federal statutes, regulations, and the terms and conditions of their sub-awards to determine a data-driven monitoring plan.



GCA Risk Assessment Designations

The Federal Compliance Officer conducts an annual risk assessment of all sub-recipients to determine and mitigate any potential risk of non-compliance.



LEA Risk Assessment Status Designations of High, Medium, and Low Assist TEA with:



Evaluating sub-recipient's risk of non-compliance



Developing an annual sub-recipient monitoring plan



Determining patterns of fiscal and program on non-compliance



GCA Monitoring Plan Data Components



Risk Assessment Data



Federal Grant Expenditure Data



Historical Subrecipient Monitoring Data



Non-Compliance Resolution Data



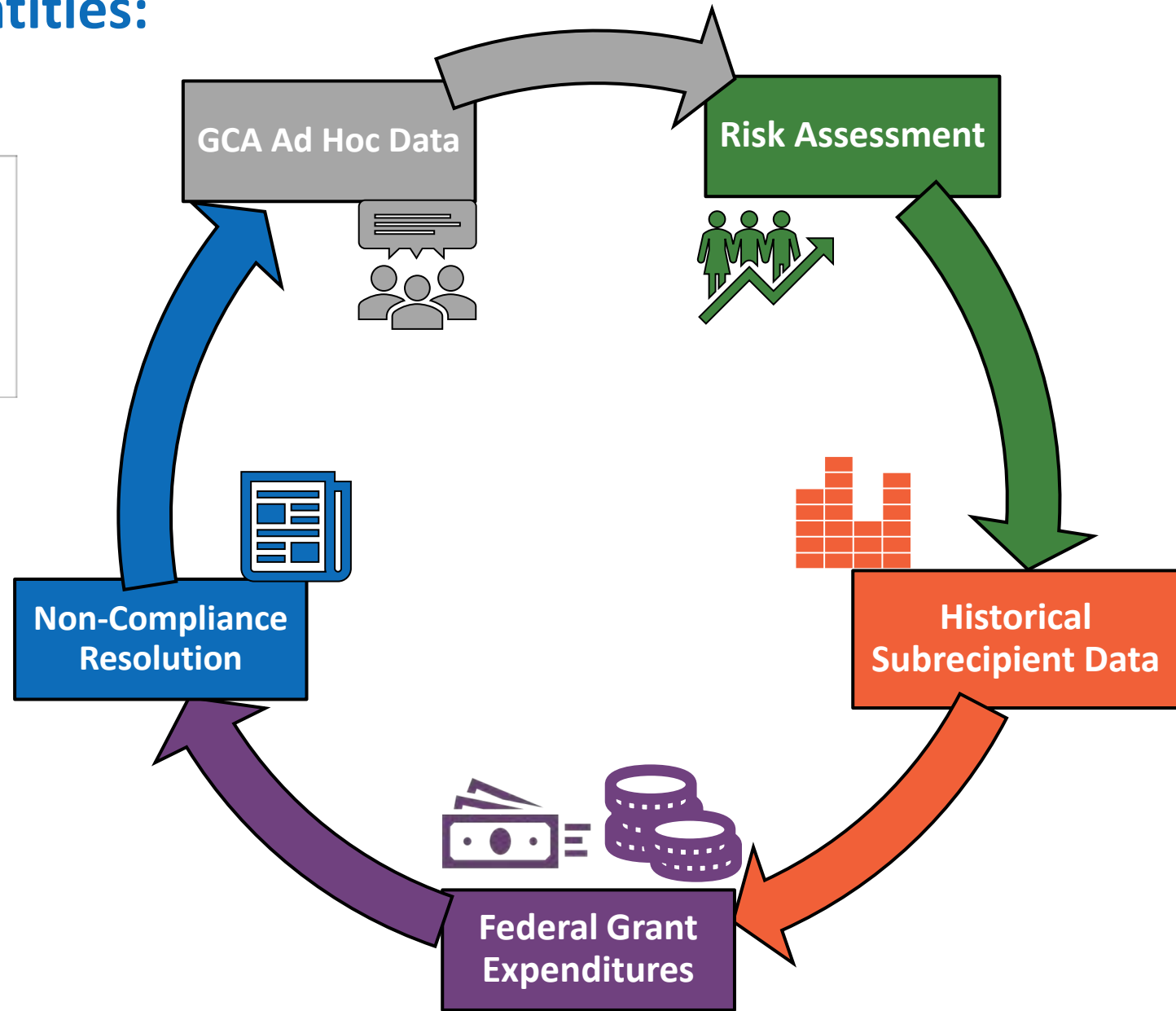
GCA Department Ad Hoc Data



Requirements for Pass-Through Entities:

2 CFR § 200.332

TEA is required to monitor the activities of a subrecipient to ensure compliance with Federal statutes, regulations, and the terms and conditions of the subaward.



Development of the GCA Subrecipient Monitoring Plan

The Department of Grant Compliance and Administration developed a data-driven plan to develop the 2024-2025 Subrecipient Monitoring Plan that includes a cross-section of LEAs, ESCs, and non-profit organizations.

Subrecipients with a high-risk designation status were selected for monitoring with the exception if monitored the prior year.

The remaining subrecipients were selected based on the following Department of Grant Compliance and Administration criteria:

Medium risk status	Low risk status	Not monitored within the last 5 years	Non-Compliance referrals	Federal grant expenditure data	3-year rotation of smaller grants	Ad-Hoc Recommendations
--------------------	-----------------	---------------------------------------	--------------------------	--------------------------------	-----------------------------------	------------------------

The GCA subrecipient monitoring plan is reviewed and approved by the Associate Commissioner for Grant Compliance and Administration and Chief Grants Officer.

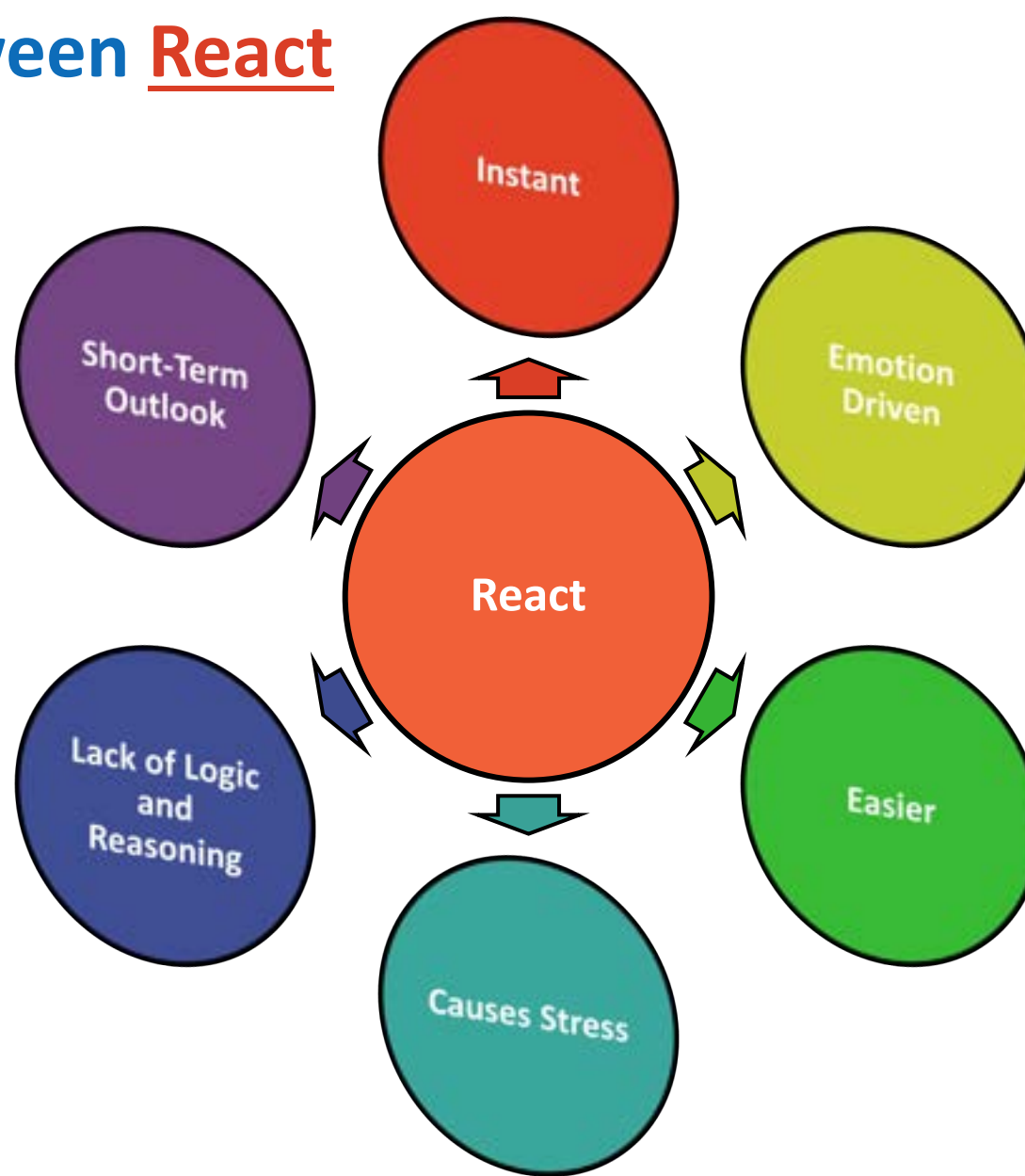


React vs Respond Risk Assessment

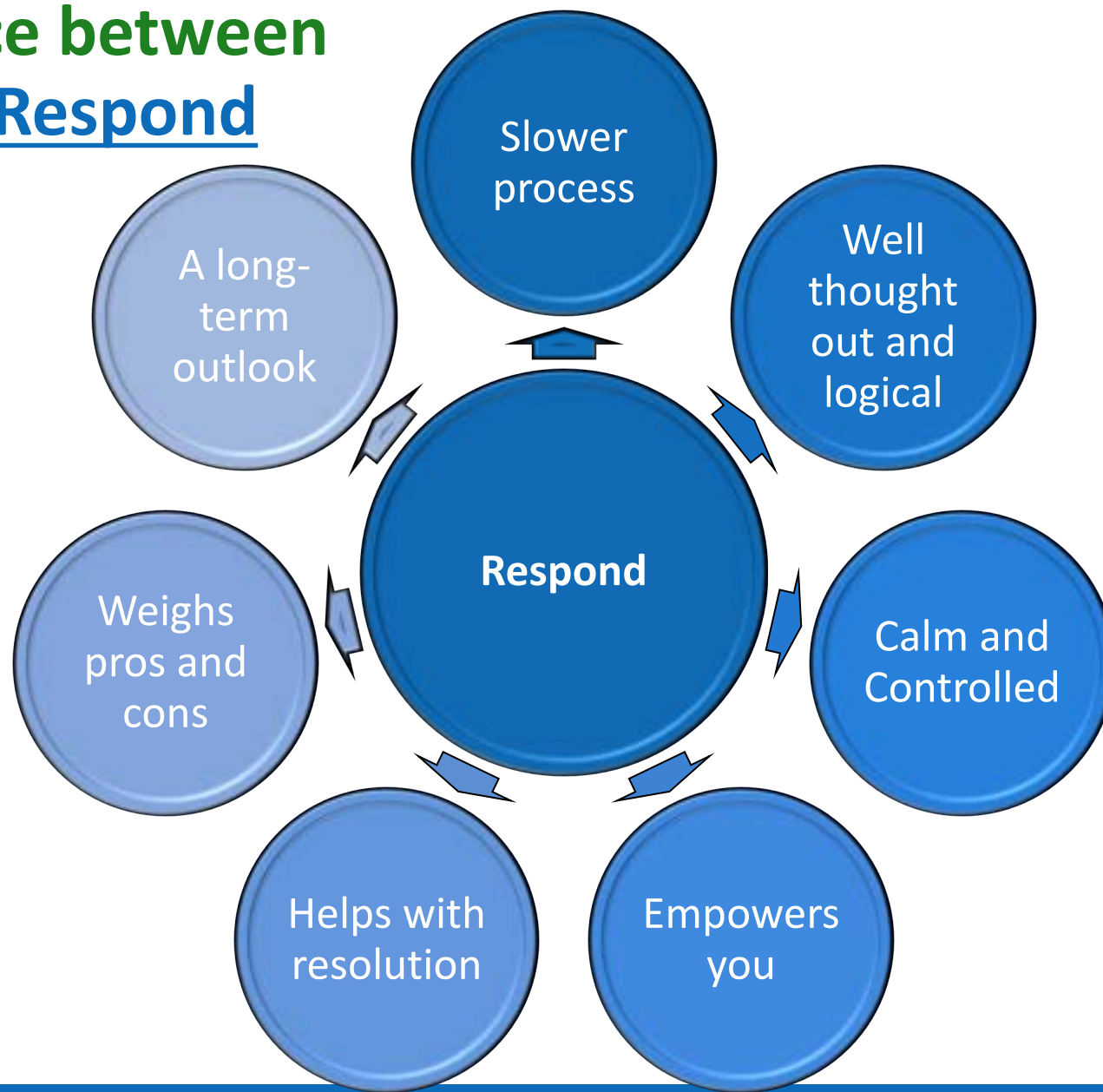


Difference between React vs Respond

Reaction does not consider long-term consequences or implications.



Difference between React vs Respond



Explores logical possible outcomes and unforeseen consequences.





React vs Respond

How Will You React or Respond?

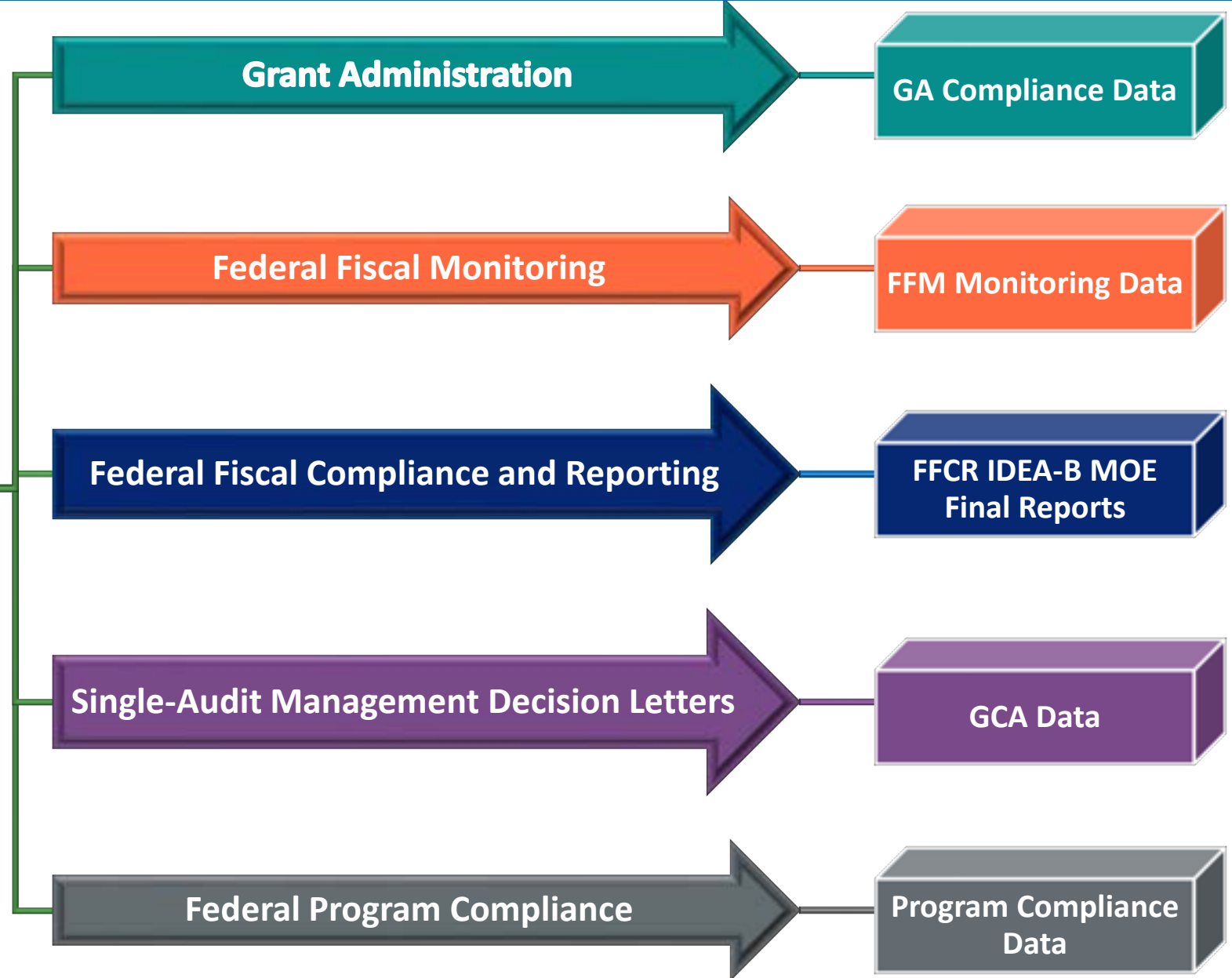




2025-2026 Proposed GCA Risk Assessment Indicators



GCA Divisional Risk Assessment Data





GCA Divisional Risk Assessment Data

Special Monitoring Division

SMD Monitoring Data

Post Award Compliance

PAC Application Data

Federal Compliance Officer Referrals

GCA Data



Other Risk Assessment Data

LEA Historical Risk Status Designation

GCA Data

Superintendent Turnover

AskTED Reports

CFO/Business Manager Turnover

AskTED Reports

Other TEA Divisional Referrals

GCA Data

N

E

W

2025-2026 Program Risk Assessment Data



Nita M. Lowey 21st Century Community Learning Centers (CCLC)

21st CCLC Program Data

McKinney-Vento – Texas Education for Homeless Children and Youth (TEHCY)

TEHCY Program Data

I-1	<div>An LEA has received a single-audit management decision letter with sustained findings for the following years:<ul style="list-style-type: none">FY25FY24FY23FY22FY21</div>	<div>0 Points: 0 Letters</div> <div>2 Points: 1 Letter</div> <div>4 Points: 2 Letters</div> <div>6 Points: 3 Letters</div> <div>8 Points: 4 Letters</div> <div>10 Points: 5 Letters</div> <div>*Zero Letters: -2 Points</div>
I-2	<div>An LEA was non-compliant for IDEA-B LEA MOE for the following years:<ul style="list-style-type: none">FY25FY24FY23FY22</div>	<div>0 Points: Compliant Final Report</div> <div>2 Points: 1 Non-Compliant Final Report</div> <div>4 Points: 2 Non-Compliant Final Reports</div> <div>6 Points: 3 Non-Compliant Final Reports</div> <div>8 Points: 4 Non-Compliant Final Reports</div> <div>*Zero Non-Compliant Final Reports: -2 Points</div>
I-3	<div>An LEA was monitored by FFM or SMD with final report findings for the following years:<ul style="list-style-type: none">FY24FY23FY22FY21FY20</div>	<div>0 Points: Final report had no findings</div> <div>2 Points: 1 final report with findings</div> <div>4 Points: 2 final reports with findings</div> <div>6 Points: 3 final reports with findings</div> <div>8 Points: 4 final reports with findings</div> <div>10 Points: 5 final reports with findings</div>



IND #	2025-2026 TEA Risk Indicators	2025-2026 Point System
I-4	<p>An LEA was placed on a formal programmatic Corrective Action for Non-Compliance for the Nita M. Lowey 21st Century Community Learning Centers (CCLC) grant for the following year:</p> <ul style="list-style-type: none"> FY25 <p>Programs included in this indicator are:</p> <ul style="list-style-type: none"> 21st CCLC, Cycle 11 21st CCLC, Cycle 12 	<p>0 Points: Zero Corrective Actions 3 Points: One Corrective Action</p>
I-5	<p>An LEA had grant management compliance concerns for the following years:</p> <ul style="list-style-type: none"> FY25 FY24 FY23 FY22 FY21 <div> <p>Some examples of grant compliance concerns are:</p> <ul style="list-style-type: none"> LEA canceled payments without notifying TEA Grants Missing Revised Final Expenditure Report (RFER) deadlines Non-Certification of payment requests within 9 business days Failure to submit a Final Expenditure Report (FER) by specified deadline, Failure to submit refunds within 30 calendar days Missing applications and amendment deadlines and/or requesting retroactive amendments Other egregious events or issues </div>	<p>0 Points: 0 Referrals 2 Points: 1 Referral 4 Points: 2 Referrals 6 Points: 3 Referrals 8 Points: 4 Referrals 10 Points: 5 Referrals * Zero Referrals: -1 Points</p>

IND #	2025-2026 TEA Risk Indicators	2025-2026 Point System
I-6	<p>An LEA had post award significant issues with their program applications for following years:</p> <ul style="list-style-type: none">▪ FY25▪ FY24▪ FY23 <div data-bbox="473 222 1485 389"></div>	<p>0 Points: 0 Referrals 2 Points: 1 Referral 4 Points: 2 Referrals 6 Points: 3 Referrals</p>
I-7	<p>An LEA was referred for Risk Assessment by other TEA divisions for the following years:</p> <ul style="list-style-type: none">▪ FY25▪ FY24▪ FY23▪ FY22▪ FY21	<p>0 Points: 0 Referrals 2 Points: 1 Referral 4 Points: 2 Referrals 6 Points: 3 Referrals 8 Points: 4 Referrals 10 Points: 5 Referrals</p>
I-8	<p>An LEA has experienced Superintendent turnover for the following years.</p> <ul style="list-style-type: none">▪ FY25▪ FY24▪ FY23 <p>*FY22 Baseline Data</p>	<p>0 Points: No Changes in Superintendent 2 Points: 1 Change in Superintendent 4 Points: 2 Changes in Superintendent 6 Points: 3 Changes in Superintendent 8 Points: 4 Changes in Superintendent 10 Points: 5 Changes in Superintendent</p>



IND #	2025-2026 TEA Risk Indicators	2025-2026 Point System
I-9	<p>An LEA has experienced CFO/Business Manager turnover for the following years.</p> <ul style="list-style-type: none"> FY25 FY24 FY23 <p><i>*FY22 Baseline Data</i></p>	<p>0 Points: No Changes in CFO/Business Manager 2 Points: 1 Change in CFO/Business Manager 4 Points: 2 Changes in CFO/Business Manager 6 Points: 3 Changes in CFO/Business Manager 8 Points: 4 Changes in CFO/Business Manager 10 Points: 5 Changes in CFO/Business Manager</p>
I-10	<p>An LEA was not required to conduct a single audit in FY24 as required per 2 CFR§ 200.501.</p>	<p>0 Points: Is required to submit single audit 5 Points: Not Required to conduct a single audit</p>
I-11	<p>An LEA was monitored by FFM or SMD and had disallowed costs in the final report for the following years:</p> <ul style="list-style-type: none"> FY24 FY23 FY22 FY21 FY20 	<p>0 Points: Final report with no disallowed costs 2 Points: 1 final report with disallowed costs 4 Points: 2 final reports with disallowed costs 6 Points: 3 final reports with disallowed costs 8 Points: 4 final reports with disallowed costs 10 Points: 5 final reports with disallowed costs</p> <p><i>*Zero Disallowed Costs: -1 Point</i></p>

I-12

An LEA was referred during FY22-FY25 for Non-Compliance Resolution for 2-years Non-Compliant for Random Validation

AND/OR

An LEA was referred during FY25 for Non-Compliance Resolution for 1-year Non-Compliant for Program Monitoring Validation

Programs included in this indicator are:

- Title I, Part A
- Title I, Part C
- Title I, Part D
- Title II, Part A
- Title IV, Part A
- Title V, Part B
- Ed-Flex
- Private Nonprofit School Equitable Services
- Unsafe School Choice Option

- 0 Points: 0 NCR Referrals
- 2 Points: 1 NCR Referral
- 4 Points: 2 NCR Referrals
- 6 Points: 3 NCR Referrals
- 8 Points: 4 NCR Referrals
- 10 Points: 5 or more NCR Referrals

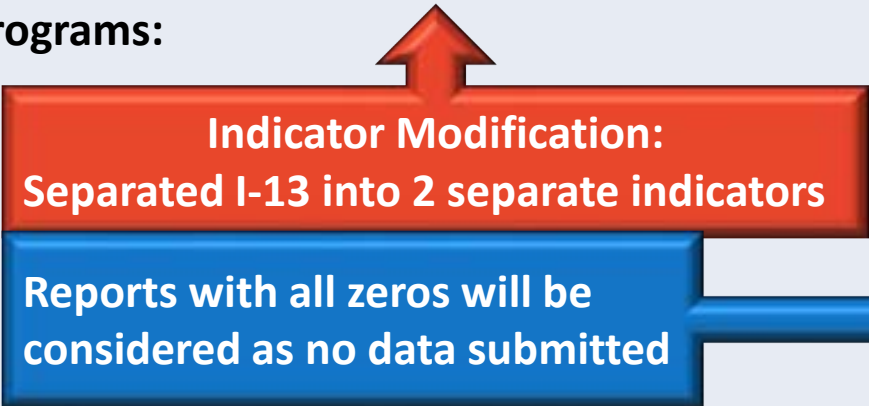
Indicator Modification:
New 1-Year Program Monitoring Validation Now Included



I-13

An LEA had Federal Program Non-Compliance issues due to Late or No submission of their ESSA Consolidated Compliance Report for the following years and programs:

- FY24
- FY23
- FY22



Programs included in this indicator are:

- PR1000 – Title I, Part A
- PR1200 – Title I, Part C
- PR2000 – Title I, Part D
- PR3000 – Title II, Part A
- PR3002 – Title III, Part A - ELA
- PR3114 – Title III, Part A - Immigrant
- PR3107 – Title IV, Part A
- PR3099 – Private Nonprofit School Equitable Services
- PR6200 – Unsafe School Choice Option

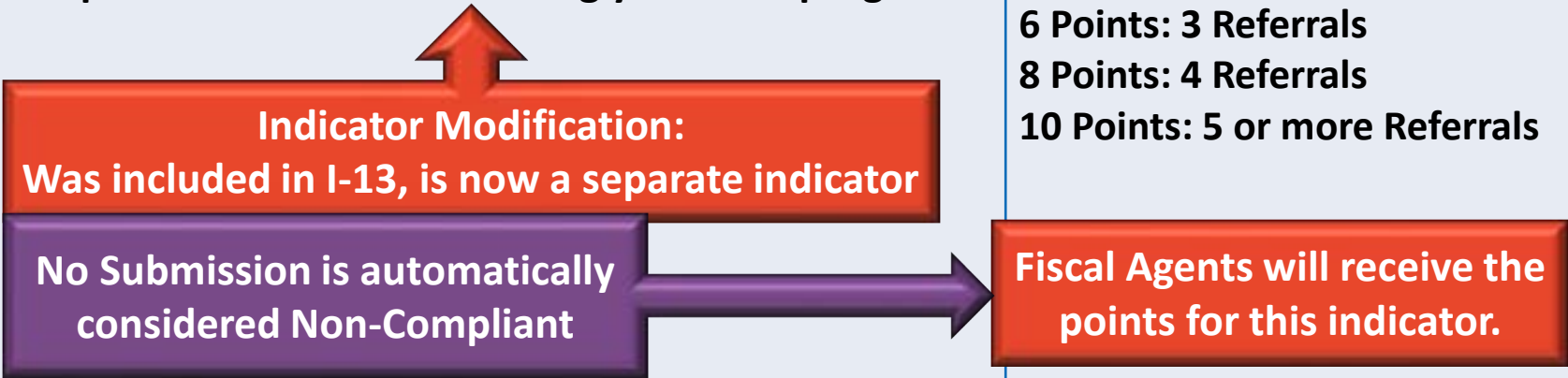
0 Points:	No Referrals
2 Points:	1 Referral
4 Points:	2 Referrals
6 Points:	3 Referrals
8 Points:	4 Referrals
10 Points:	5 or more Referrals

Fiscal Agents will receive the points for this indicator.

I-14

An LEA had Federal Program Non-Compliance issues due to Not in Compliance on their ESSA Consolidated Compliance Report Program Compliance Self-Check Requirements for the following years and programs:

- FY24
- FY23
- FY22



- 0 Points: No Referrals
- 2 Points: 1 Referral
- 4 Points: 2 Referrals
- 6 Points: 3 Referrals
- 8 Points: 4 Referrals
- 10 Points: 5 or more Referrals

- Programs included in this indicator are:
- PR1000 – Title I, Part A
 - PR1200 – Title I, Part C
 - PR2000 – Title I, Part D
 - PR3000 – Title II, Part A
 - PR3002 – Title III, Part A - ELA
 - PR3114 – Title III, Part A - Immigrant
 - PR3107 – Title IV, Part A
 - PR3099 – Private Nonprofit School Equitable Services
 - PR6200 – Unsafe School Choice Option

IND #	2025-2026 TEA Risk Indicators	2025-2026 Point System
-------	-------------------------------	------------------------

I-15

An LEA has not been fiscally monitored by the Department of Grants Compliance and Administration within the past five years.

This indicator will include LEAs who are currently being monitored by FFM and SMD.

10 Points

I-16

An LEA's historical Risk Status Designation for the following years:

- FY25
- FY24
- FY23
- FY22
- FY21

0 Points: Low Risk status for each fiscal year
 1 Point: Medium Risk status for each fiscal year
 2 Points: High Risk status for each fiscal year
 Total Possible Points: 10
***Low Risk status for all five years: -1 Point**

I-17

An LEA has been appointed a Board of Managers by the Commissioner of Education under **TEC§ 39A.004** and the Board of Managers still governs the district.

10 Points

IND #	2025-2026 TEA Risk Indicators	2025-2026 Point System
I-18	An LEA is currently being served by a Fiscal Conservator, appointed by the Commissioner of Education under <u>TEC§ 39A.002</u> .	6 Points
I-19	Ad Hoc Referrals to the Federal Compliance Officer for the following projects: <ul style="list-style-type: none"> ▪ Year Five USDE ESSER Delinquent Reporting ▪ Programmatic Non-Compliance ▪ Open Investigations for misuse of federal funds ▪ Other referrals 	0 Points: No NCR Referrals 2 Points: 1 NCR Referral 4 Points: 2 NCR Referrals 6 Points: 3 NCR Referrals 8 Points: 4 NCR Referrals 10 Points: 5 NCR Referrals
I-20	Number of <u>overdue refunds or non-compliance documents</u> from required non-compliance resolution actions past the requested deadline for the following years: <ul style="list-style-type: none"> ▪ FY25 ▪ FY24 ▪ FY23 	0 Points: On-time refunds and documents 1 Points: 1 Overdue refund or documents 2 Points: 2 Overdue refunds or documents 3 Points: 3 Overdue refunds or documents 4 Points: 4 Overdue refunds or documents 5 Points: 5 Overdue refunds or documents 6 Points: 6 Overdue refunds or documents 7 Points: 7 Overdue refunds or documents 8 Points: 8 Overdue refunds or documents 9 Points: 9 Overdue refunds or documents 10 Points: 10 Overdue refunds or documents

Returning TEA Risk Indicators for 2025-2026

TEA Department of Grant Compliance and Administration had placed several indicators on hold due to stimulus funding. These indicators took into consideration the following criteria as part of the risk assessment process:

Indicator-21

Large amounts of federal expenditures compared to total operating costs.

Indicator-22

Concerns regarding the timely drawdown of federal grant funds.

IND

2025-2026 TEA Risk Indicators

2025-2026 Point System

I-21 Returning	An LEA had a large percentage of federal expenditures compared to their total operating costs. <ul style="list-style-type: none">FY24	6 Points: If the percentage of federal expenditures is greater than 20% of their total operating costs
I-22 Returning	An LEA has not drawn down federal grant funds by January 31, 2025, for the following grants: <ul style="list-style-type: none">IDEA-B FormulaPerkins VTitle I, Part A	0 Points: Draw down for all three grants 3 Points: No draw down for one grant 6 Points: No draw down for two grants 9 Points: No draw down for three grants
I-23 New Programmatic Indicator	An LEA did not submit their Texas Education for Homeless Children and Youth (TEHCY) End of Year grant report by the required due date for the following year. <ul style="list-style-type: none">FY24	0 Points: No Referrals 3 Points: 1 Referral <div>Fiscal Agents will receive the points for this indicator.</div>

IND

2025-2026 TEA Risk Indicators

2025-2026 Point System

I-24

An LEA TEHCY Sub-grantee had a OSP McKinney-Vento Results Driven Accountability (RDA) Designation Level of 3 or 4 for the following year:

- FY24

New Programmatic Indicator

0 Points: No Referrals
3 Points: 1 Referral

I-25

An LEA TECHY Sub-grantee has identified zero homeless students.

- FY24
- Identification must have occurred from July 1, 2023 – June 30, 2024

New Programmatic Indicator

0 Points: No Referrals
3 Points: 1 Referral

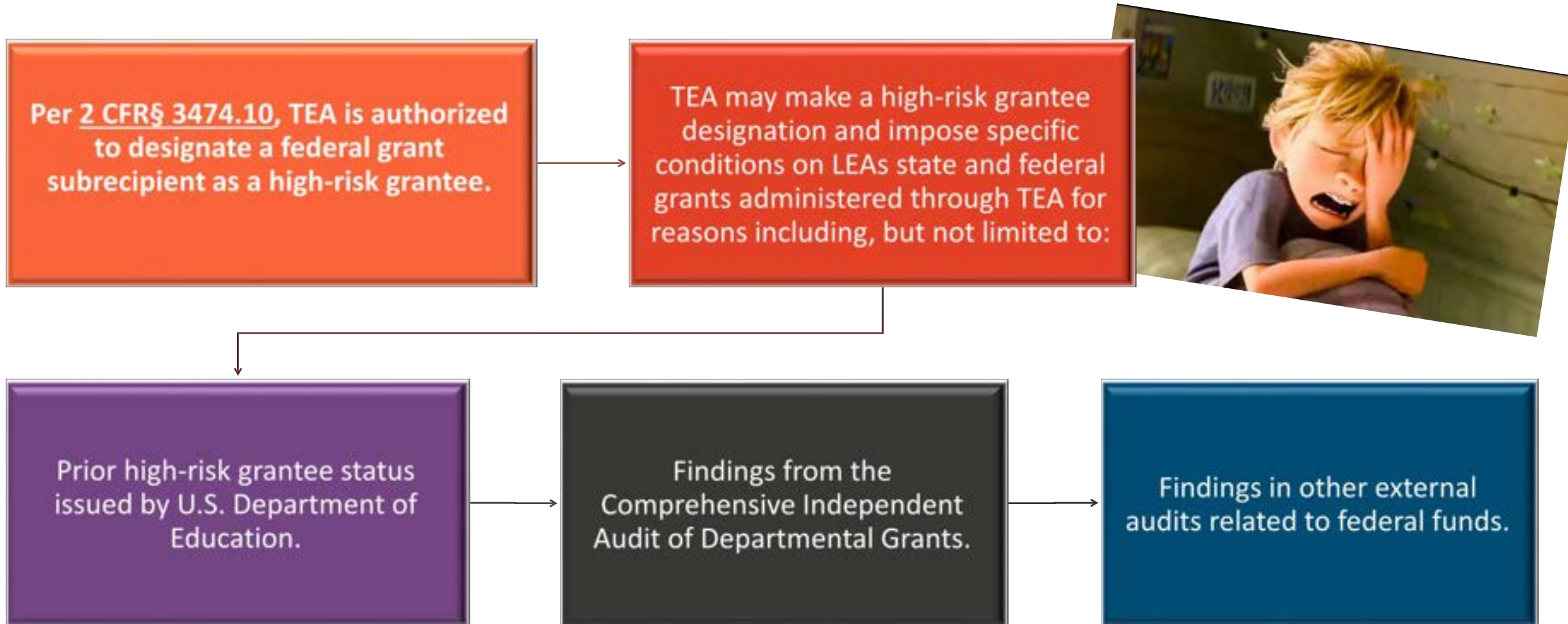
I-26

Per [2 CFR§ 3474.10](#), TEA is authorized to designate a federal grant subrecipient as a high-risk grantee.

Automatic TEA High-Risk Status Designation

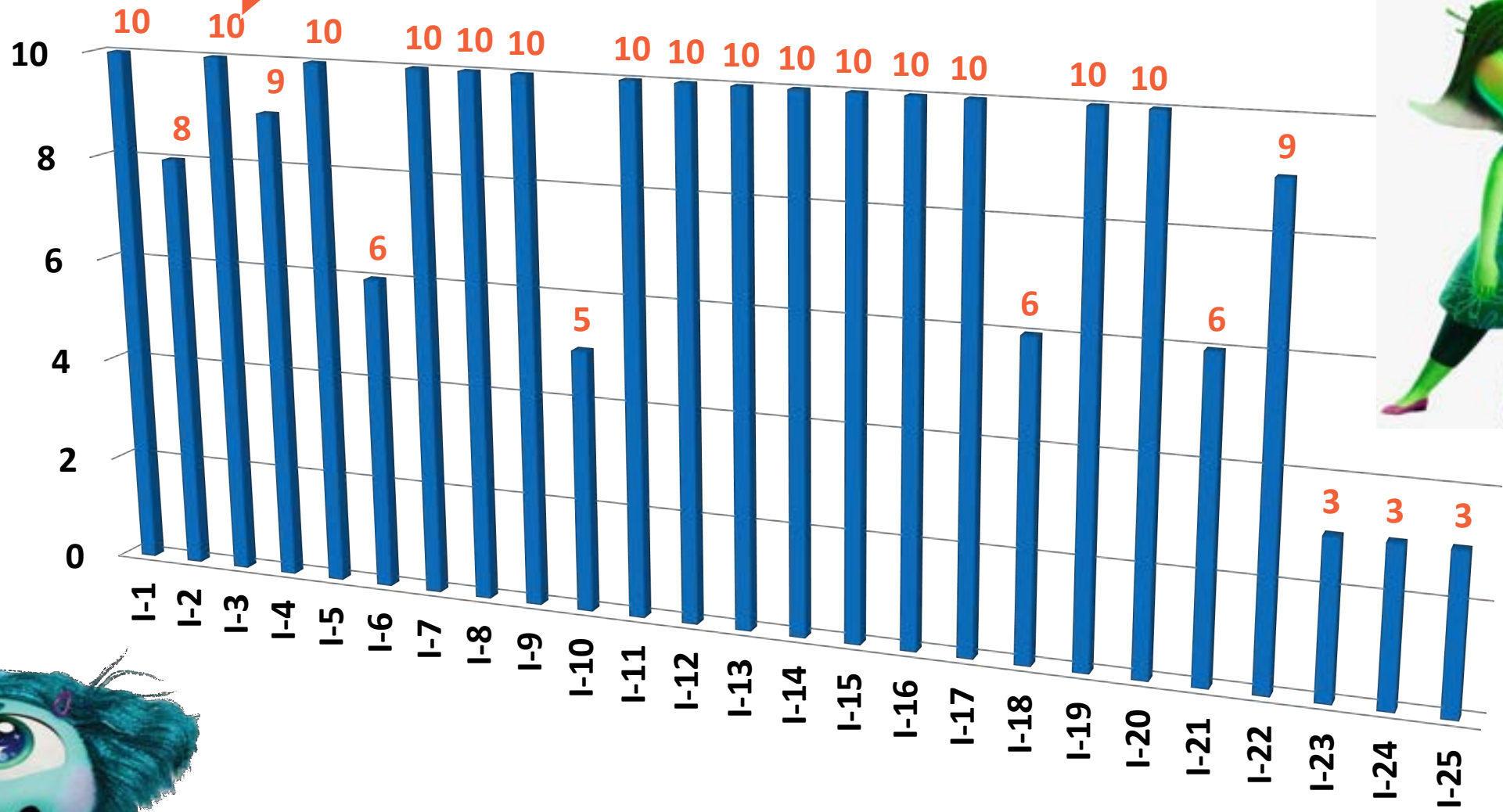


Indicator 26 – Automatic High-Risk Grantee Designation



Up To -7 Points

2025-2026 Risk Indicator Point Distribution



but don't worry

2026-2027 Risk Assessment Updates

2026-2027 New Programmatic Indicators

**McKinney-Vento – Texas
Education for Homeless
Children and Youth**

**More Information
Coming Soon!**



**An LEA had a high
percentage of unexpended
TEHCY Grant funds**

2026-2027 Reintroduction of Previous Risk Indicators

An LEA has carried over excessive amounts of funds for grants awarded in the following applications:

Special Education Consolidated Grant Includes:

**IDEA-B Formula
IDEA-B Preschool
IDEA-B Discretionary Deaf
Over 50% Carryover across all 3 Grants**

ESSA Consolidated Grant Includes:

**Title I, Part A – Over 15% Carryover
Title I, Part C – Over 25% Carryover
Title I, Part D – Over 25% Carryover
Title II, Part A – Over 25% Carryover
Title III, Part A – Over 25% Carryover
Title IV, Part A – Over 25% Carryover**



Questions, Wonderings, or Comments



GCA ISD 876543	Risk Assessment Status Designation Report
2024-2025	Low



2024-2025 Risk Assessment Indicator	Fiscal Year	Risk Points Earned
I-1: Management Decisions Letters	<input type="checkbox"/> FY21 <input type="checkbox"/> FY20 <input type="checkbox"/> FY19 <input type="checkbox"/> FY18 <input type="checkbox"/> FY17	-2
I-2: IDEA-B LEA MOE Non-Compliance	<input checked="" type="checkbox"/> FY22 <input type="checkbox"/> FY21	3
I-3: Monitored by FFM	<input type="checkbox"/> FY22 <input type="checkbox"/> FY21 <input type="checkbox"/> FY20 <input type="checkbox"/> FY19 <input type="checkbox"/> FY18	0
I-4: Monitored by SMD	<input type="checkbox"/> FY22 <input type="checkbox"/> FY21	0
I-5: Grants Administration Risk Assessment Referral	<input type="checkbox"/> FY23 <input type="checkbox"/> FY22 <input type="checkbox"/> FY21 <input type="checkbox"/> FY20 <input type="checkbox"/> FY19	-1
I-6: Post Award Compliance (PAC) Referral	<input type="checkbox"/> FY23	0
I-7: Other TEA Division Risk Assessment Referrals	<input type="checkbox"/> FY24 <input type="checkbox"/> FY23 <input type="checkbox"/> FY22 <input type="checkbox"/> FY21 <input type="checkbox"/> FY20	0
I-8: Superintendent Turnover	<input type="checkbox"/> FY21 - FY23	0
I-9: CFO/Business Manager Turnover	<input checked="" type="checkbox"/> FY21 - FY23	3

Activity Instructions

- Review the FY24-25 LEA Risk Assessment report at your table and list of indicators.
- Discuss the score and risk designation your LEA received.
- Determine who to collaborate with to identify why points were received for each indicator.
- Develop a plan that addresses the following questions to improve or maintain your risk assessment score:
 - When?
 - How?
 - Who?



How Will Did React or Respond?



- Were there any:
 - Ah-Ha moments
 - Questions
 - Suggestions

- Who wants to share their plan?
- Did you learn something new?




Risk Assessment Resources



Risk Assessment Webpage

[Popular Applications](#) [AskTED](#) [ECOS for Educators](#) [Grant Opportunities](#) [Secure Applications](#) [TEAL Login](#) [TSDS](#)



 Texas Education Agency

[A-Z Index](#) [Contact](#) [Employment](#) [State Board of Education](#) [Sign Up for Updates](#) [TEA Correspondence](#)

[About TEA](#) [Texas Schools](#) [Academics](#) [Finance & Grants](#) [Reports & Data](#) [Student Assessment](#) [Texas Educators](#)

[Home](#) / [Finance and Grants](#) / [Grant Compliance and Administration](#) / [Grants Administration](#)

Risk Assessment

  **Grant Compliance and Administration**

The Texas Education Agency, as a pass-through entity, awards federal grant funds to eligible sub-recipients, including local educational agencies (LEAs), which include both school districts and open-enrollment charter schools, education service centers (ESCs), and non-profits. TEA as a pass-through entity is required under Title 2 of the Code of Federal Regulations (CFR), 2 CFR 5200.332(c), to evaluate each sub-recipient risk of non-compliance with Federal statutes, regulations, and the terms and conditions of the sub-award for purposes of determining the appropriate sub-recipient monitoring as described in 2 CFR 5200.332(d)(e), which may include the sub-recipients results of previous audits, include Single-Audits in accordance with 2 CFR 5200.332(c)(2), changes to key personnel, and other factors that may reflect any patterns of non-compliance.

The Federal Compliance Officer in the Department of Grant Compliance and Administration (GCA) manages all GCA Risk Assessment activities, data, technical assistance, and training.

To comply with this requirement, the Federal Compliance Officer conducts an annual risk assessment of all sub-recipients to determine and mitigate any potential risk of non-compliance. Based on the outcome of the annual risk assessment, sub-recipients are assigned a risk status of low, medium, or high, which is evaluated annually.

Federal Fiscal Monitoring



- [Annual Federal Fiscal Risk Assessment](#)
- [Corrective Actions Related to Federal Grants](#)
- [Information for Organizations Selected for a Review](#)
- [Monitoring of Single-Audit Findings](#)
- [Statutory Authority for Monitoring](#)

Contact Information

Department of Grant Compliance and Administration

Cal Lopez
Federal Compliance Officer
Phone: (512) 463-9017

Susan Hicks
Federal Compliance Analyst
Phone: (512) 463-1658
Email: noncompresolution@tea.texas.gov

  **Grant Compliance and Administration**

Risk Assessment Webpage

Access Your Risk Assessment Status Designation Report

Risk Assessment



2024-2025 Risk Assessment Status Designation Reports

LEAs can access their 2024-2025 Risk Assessment Status Designation Report, by following the steps below:

1. Access the TEA Smartsheet WorkApps site: <https://workapps.smartsheet.com/>
2. Select Risk Assessment WorkApps.
3. Select LEA Name and CDN when the 2024-2025 GCA Risk Assessment page displays.
4. Click on the Attachments link and click on the LEA RA Report.pdf title.
5. The report will download to your computer's download folder.
6. Click on the downloaded report to view your 2024-2025 LEA Risk Assessment Status Designation Report.
7. Each LEA report includes points assigned by indicator, total risk assessment score, and risk status designation for 2024-2025.

The FY19-FY24 Risk Status Designation Report is also accessible by following the steps above. As new reports are published, they will also be added to the navigation pane for easy access and review, ensuring that all relevant information is readily available for LEAs.

LEA administrators with current, active Smartsheet access to other TEA WorkApps (EDGAR, FPC, ESSER Compliance, etc.) will be able to view the Risk Assessment WorkApps, and new users will need to be added through the EDGAR WorkApps. With the assistance of your TEA WorkApps, send an email request to frank.baca@tea.texas.gov.

For questions regarding 2024-2025 Risk Assessment scores or status, contact Cal Lopez, the TEA Federal Compliance Officer, at noncompresolution@tea.texas.gov or 512-463-9017.



2024-2025 Risk Assessment Status Designation Report



GCA ISD 876543
2024-2025

Risk Assessment Status Designation Report
Low

2024-2025 Risk Assessment Indicator	Fiscal Year	Risk Points Earned
I-1: Management Decisions Letters	<input type="checkbox"/> FY21 <input type="checkbox"/> FY20 <input type="checkbox"/> FY19 <input type="checkbox"/> FY18 <input type="checkbox"/> FY17	-2
I-2: IDEA-B LEA MOE Non-Compliance	<input checked="" type="checkbox"/> FY22 <input type="checkbox"/> FY21	3
I-3: Monitored by FFM	<input type="checkbox"/> FY22 <input type="checkbox"/> FY21 <input type="checkbox"/> FY20 <input type="checkbox"/> FY19 <input type="checkbox"/> FY18	0
I-4: Monitored by SMD	<input type="checkbox"/> FY22 <input type="checkbox"/> FY21	0
I-5: Grants Administration Risk Assessment Referral	<input type="checkbox"/> FY23 <input type="checkbox"/> FY22 <input type="checkbox"/> FY21 <input type="checkbox"/> FY20 <input type="checkbox"/> FY19	-1
I-6: Post Award Compliance (PAC) Referral	<input type="checkbox"/> FY23	0
I-7: Other TEA Division Risk Assessment Referrals	<input type="checkbox"/> FY24 <input type="checkbox"/> FY23 <input type="checkbox"/> FY22 <input type="checkbox"/> FY21 <input type="checkbox"/> FY20	0
I-8: Superintendent Turnover	<input type="checkbox"/> FY21 - FY23	0
I-9: CFO/Business Manager Turnover	<input checked="" type="checkbox"/> FY21 - FY23	3



FY2025-2026 LEA Risk Assessment Report



Redesigning this year’s report
based on LEA feedback

<div> <div> <div>TEA</div> <div>Texas Education Agency</div> </div> <div> <div>GCA</div> <div>Grant Compliance and Administration</div> </div> </div>			
GCA ISD 876543		Risk Assessment Status Designation Report	
2025-2026		High	
2025-2026 Risk Assessment Indicator	Fiscal Year/Program	Details and/or Amounts	Risk Points
I-1: LEA has received a single-audit management decision letter with sustained findings for the following years:	<input type="checkbox"/> FY25		4
	<input checked="" type="checkbox"/> FY24	Title IV, Part A, Subpart 1 - \$21,821.56	
	<input type="checkbox"/> FY23		
	<input checked="" type="checkbox"/> FY22	Title III, Part A-ELA - \$1,432.48	
	<input type="checkbox"/> FY21		
I-2: LEA was non-compliant for IDEA-B LEA MOE for the following years: *Data expansion and point modification	<input type="checkbox"/> FY25		6
	<input checked="" type="checkbox"/> FY24	\$37,235.27	
	<input checked="" type="checkbox"/> FY23	\$36,584.49	
	<input checked="" type="checkbox"/> FY22	\$26,240.44	
I-3: LEA was monitored by FFM or SMD with final report findings for the following years: *Combined what was previously I-3 and I-4 into one indicator	<input type="checkbox"/> FY24		2
	<input checked="" type="checkbox"/> FY23	Texas Hurricane Emergency Impact Aid for Displaced Students (EIA) Grant	
	<input type="checkbox"/> FY22		
	<input type="checkbox"/> FY21		
	<input type="checkbox"/> FY20		
I-4: LEA was placed on a formal programmatic Corrective Action for Non-Compliance for the Nita M. Lowey 21 st Century Community Learning Centers (CCLCs) Grant for the following year: Programs included in this indicator are: <ul style="list-style-type: none"> 21st CCLC, Cycle 11 21st CCLC, Cycle 12 *New programmatic indicator	<input checked="" type="checkbox"/> FY25		3

1701 N. Congress Avenue
Austin, TX 78701

tea.texas.gov

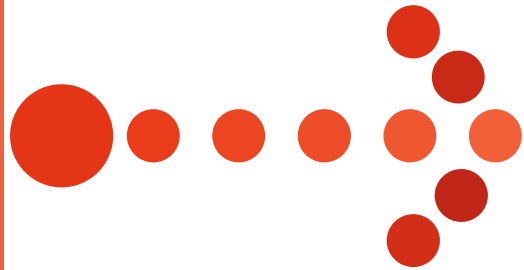
512-463-9734
FAX 512-463-9838

2025-2026 Risk Assessment Next Steps



2025-2026 LEA Risk Assessment Target Release Date

June
2025



AskTED Updates



Grant Compliance
and Administration

Popular Applications **AskTED** ECOS for Educators Grant Opportunities Secure Applications TEAL Login TSDS

Help
Desk



★ TEXAS EDUCATION AGENCY

[TEA Home](#) | [TEA District Locator](#) | [TEA Index A-Z](#) | [TEA Divisions](#)

Search



espondence

AskTED

[Home](#) [Search by](#) [Quick District Lookup](#) [Reports and Directories](#) [Search RESCs](#) [Administrative Logon](#) [Help](#)

Welcome to AskTED

Use the drop-down menus above in order to access the Texas Education Directory Customized Reports and Data Files. Under the Search by menu, you will find searches for School, District, County, Region, and Texas.

AskTED is updated daily. Information downloads should be made as close as possible to the time the information will be used, particularly when downloading email addresses.

For further assistance, click this [first time user](#) link, (requires the free [Adobe Acrobat Reader](#)) or the Help link in the menu bar.

Questions about the **Texas Education Directory** or the **AskTED website**? - Contact [AskTED](#).

Questions or comments about other matters related to **public education in Texas**? - Please go to <http://www.tea.texas.gov/contacttea.aspx>.

Explanatory Materials

- [AskTED Quick Reference](#)
- [Understanding Organization ID Numbers in AskTED](#)
- [Understanding the Three ESC Regions in AskTED](#)

State-Wide School and District Downloads

- [Download School and District File](#)
- [Download School and District File with Site Address](#)
- [Download Archived School and District Data Files](#)

TED Administrator Resources

- [Apply for Administrator Login](#)

Ask
TED
Texas Education Directory



Keep LEA contacts
up to date! This is
our data source
for I-8 and I-9

AskTED Updates for Charter Schools



Grant Compliance
and Administration

Popular Applications AskTED ECOS for Educators Grant Opportunities Secure Applications TEAL Login TSDS

TEA Texas Education Agency

Search Enter Keywords

A - Z Index Contact Employment State Board of Education Sign Up for Updates TEA Correspondence

About TEA Texas Schools Academics Finance & Grants Reports & Data Student Assessment Texas Educators

Home / Texas Schools / Charter Schools

Charter Schools

- Updates to Charter School AskTed information should be sent to CharterAskTED@tea.texas.gov
- Once your organization's information is received, the Charter School Division will update the AskTED information provided.



Contact Information

Division of Authorizing
charterschools@tea.texas.gov
Phone (512) 463-9575

For additional support, email the following as appropriate:

- Charter Application
CharterApplication@tea.texas.gov
- Charter Amendments or Revisions
CharterAmendments@tea.texas.gov
- Remote Learning
Remote.Learning@tea.texas.gov
- AskTED Assistance
CharterAskTED@tea.texas.gov

Authorizing Staff

10 Minute Brain Break

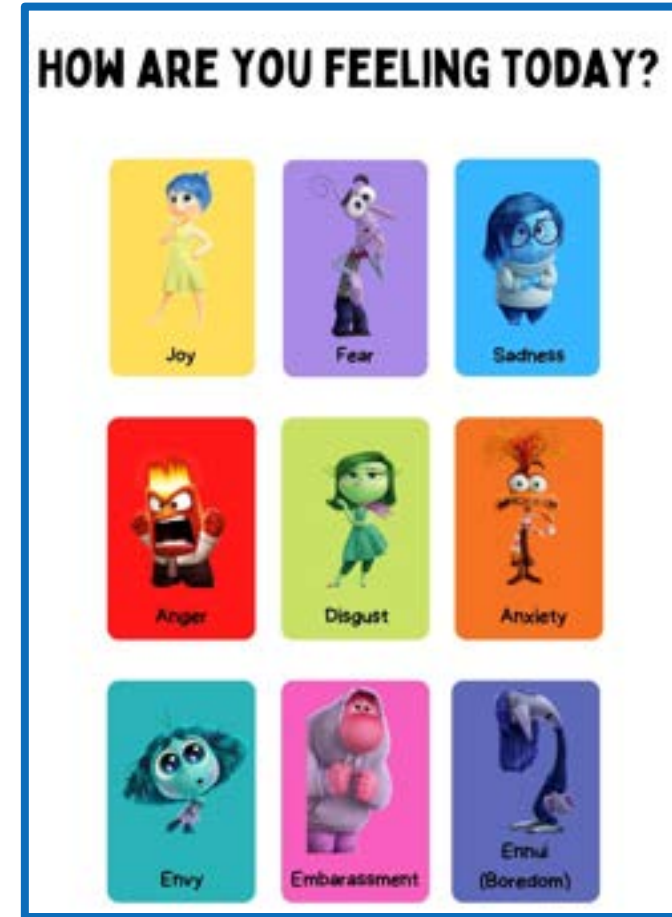


Department of Grant Compliance and Administration Internal Controls and Risk Assessment. How Will You React or Respond? Part 2



Agenda – Part 2

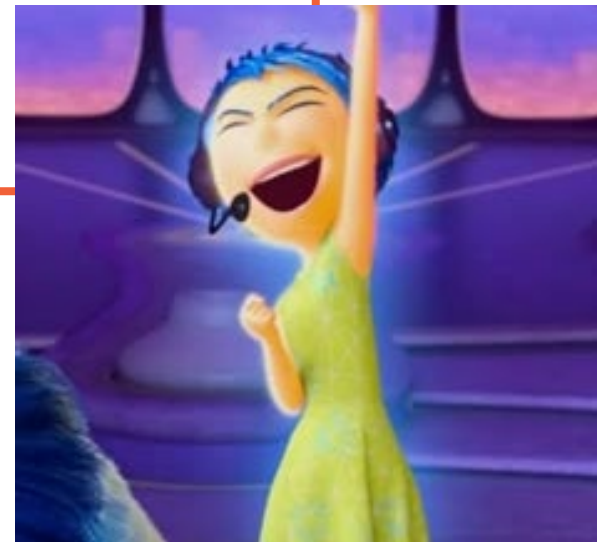
- Internal Controls Fact or Fiction Activity
- Internal Controls Overview
- Purpose of Internal Controls
- React vs Respond: How to Build Effective Internal Controls





React vs Respond

How to Build Strong Internal Controls



Team Activity

Is it Fact?



Or Fiction?



UGG stands for Universal Grant Guidance.

Is this Fact?



or Fiction?



Fiction.
It stands for Uniform Grant Guidance.



EDGAR stands for Education Department Grant Administrative Regulations.

Is this Fact?



or Fiction?



Fiction.

**It stands for Education Department General
Administration Regulations.**



Subrecipients general local business policies should only address state and local funds.

Is this Fact?



or Fiction?



Fiction.

Subrecipient general local business policies and procedures should address local, state, and federal funds in accordance 2 CFR§ 200.302.



There are only two types of internal controls, preventive and corrective.

Is this Fact?



or Fiction?



Fiction.

**There are three types of internal controls.
Subrecipients should incorporate all three types
of internal controls into their policies, processes,
and procedures to prevent non-compliance.**



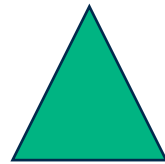
Three Types of Internal Controls



Preventative Controls: This control group encompasses any internal control that prevents risky actions from occurring.



Corrective Controls: These are the controls that come into play after the system identifies or detects an issue or error.



Detective Controls: Also called mitigating controls, these are the control response actions and processes that sound the alarm if an error occurs. These controls are an important way to stop breaches before they lead to more costly damage.

One purpose of an Internal Control is to provide a form of documentation to assure your School Board that you are complying with local, state, and federal rules, regulations, and laws.

Is this Fact?



or Fiction?



Fact

Internal Controls also assure your School Board that:

- Your financial records are credible
- Assets are secure
- Staff, financial, and physical resources are being used appropriately
- Daily operations and programs are operating as intended



Subrecipients who expend \$750,000.00 or more in Federal grant awards during FY2024-2025 must conduct a single-audit.

Is this Fact?



or Fiction?



FY2024-2025

LEAs that expend \$750,000.00 or more of federal funds are required to conduct and submit a single-audit to the [Federal Audit Clearinghouse](#) (FAC).

Fact



NEW for FY2025-2026

LEAs that expend \$1,000,000.00 or more of federal funds will be required to conduct and submit a single-audit to the [Federal Audit Clearinghouse](#) (FAC).

Subrecipients can use their TEA risk assessment designation to demonstrate eligibility for procurement self-certification.

Is this Fact?



or Fiction?



Fiction.

Subrecipients can use their low-risk rating provided by their external auditor in their single-audit or conduct an internal risk assessment in accordance with 2 CFR § 200.320 and 2 CFR § 200.520.



Micro-Purchase Threshold Increase



LEAs and ESCs may establish a purchase threshold higher than the micro-purchase threshold identified in the FAR. LEAs and ESCs may self-certify a threshold up to \$50,000 (**\$49,999 in Texas**) on an Annual Basis and must maintain documentation to be made available to TEA and auditors in accordance with [2 CFR 200.334](#). LEAs and ESCs self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the three criteria listed in [2 CFR§200.320\(1\)\(iv\)\(A-C\)](#).

Micro-Purchase Threshold Increase Criteria's

**Yes or
No?**

Qualification as a low-risk auditee by your external auditor, in accordance with the criteria in [2 CFR §200.520](#) for the most recent audit year.

**Do you meet any
of the 3 Criteria's?**

**Yes or
No?**

An annual LEA or ESC internal risk assessment to identify, mitigate, and manage financial risks; or

**Yes or
No?**

For public institutions, a higher threshold that is consistent with State law.



Federal Grant Rules in LEA Policies and Procedures should cite OMB Circular A-87 instead of 2 CFR Part 200.

Is this Fact?



or Fiction?



Fiction.

Federal Grant Rules in LEA Policies and Procedures should cite 2 CFR Part 200. Citing OMB Circular A-87 instead of 2 CFR Part 200 would be considered a subrecipient monitoring finding.



One single subrecipient staff member can approve purchases, authorizes invoices, verifies expenses, and limits physical access to equipment, inventory, cash, and other assets.

Is this Fact?



or Fiction?



Fiction.

No single individual should be able to authorize, record, and be in custody of financial transactions and the resulting assets.



It is a best practice to carryover 15% of your Title I Part A funds and 25% of all other Title Funds.

Is this Fact?



or Fiction?



Fiction.

It is not a best practice to carryover 15% of your Title I Part A funds and 25% of all other Title Funds.



LEAs are required to document eight components in their equipment inventory records.

Is this Fact?



or Fiction?



Fiction.

There are eleven components outlined in:

CFR §200.313(d)(1) - Equipment Management Requirements



CFR §200.313(d)(1) - Equipment Management Requirements

[illegible]

LEAs must retain all federal grant records for five years from their final report or seven years from the date of the specific activity being documented.

Is this Fact?



or Fiction?



Record Retention Requirements-Subrecipients must retain all:

Fact



Federal award records for three years from the date of submission of their final financial report.



Texas Retention is five years from the final report or 7 years from the date of the specific activity being documented.



Federal property and equipment records – 3 years after final disposition.



Texas – 7 years after disposition.



Federal Program income earned records – 3 years from end of fiscal year in which the program income was earned.



Texas – 7 years from date program income was earned



Records Management

- [Local Schedule GR,
Retention Schedule for
Records Common to All
Local Governments](#)
- [Local Schedule SD,
Retention Schedule for
Records of Public School
Districts](#)



Forms



Laws and Rules



Training



Local Retention
Schedules



State Retention
Schedules



The Texas Record Blog

LEAs are prohibited from generating profit from grant programs.

Is this Fact?



or Fiction?



Fact

LEAs and ESCs are prohibited from generating profit from a Federal grant in accordance with 2 CFR §200.400(g). Program income must be used for the original purpose of the Federal award. Program income earned during the period of performance may only be used for costs incurred during the period of performance or allowable closeout costs in accordance with 2 CFR § 200. 307.



Three Methods of Apply Program Income

Program income is deducted from the total allowable costs, reducing the total amount of the Federal award.

Deduction



Program income is added to the total allowable costs, increased the total amount of the federal award.

Addition



Program income is used to meet the Federal award's cost sharing requirement.

Cost Sharing





Internal Control Overview

Grant Management Regulations

**EDGAR - 34 CFR
Parts 74-99**

- Education Department General Administrative Regulations (EDGAR)

**UGG - CFR Part
200 Appendix II**

- Uniform Grant Guidance (UGG)

**Program Statues
and Regulations**

- ESEA
- IDEA
- Perkins
- ESSER

2 CFR 200.1 – Definition of Internal Controls

- Processes designed and implemented by subrecipients must provide reasonable assurance regarding the achievement of objective in the following categories
- Effectiveness and efficiency of operations
- Reliability of reporting for internal and external use; and
- Compliance with applicable laws and regulations

Who is Driving Your Internal Control Policies and Procedures?



2CFR § 200.303(a) Internal Controls



**Establish, document,
and maintain effective
internal controls**



**Assure Federal awards
are in compliance with
Federal statutes,
regulations, terms and
conditions.**



**Evaluate and monitor
their own compliance
with grant requirements.**

2CFR § 200.303(c)(d)(e) Internal Controls



Evaluate and monitor compliance with statutes, regulations and the terms and conditions of Federal awards.



Take prompt actions when instances of non-compliance are identified.



Take reasonable cybersecurity measures to safeguard information including protected personally identifiable information (PII) and other types of information.

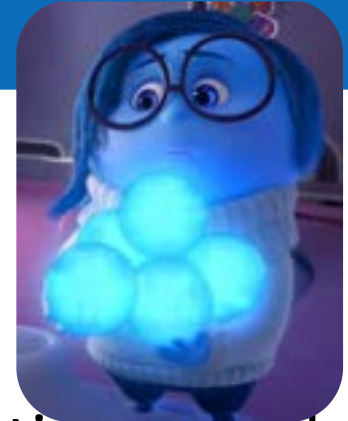
Purpose of Internal Controls



Purpose of Internal Controls

Internal Controls are the cornerstone of effective financial and program implementation. Internal Controls help your LEA:

- Secure and safeguard your LEAs assets and information
- Minimize and mitigate risk
- Prevent fraud
- Promote compliance with local, state, federal rules, regulations and laws
- Internal Controls are an ongoing task focused on continuous improvement and compliance



Purpose of Internal Controls

Internal Controls are a form of documentation to assure your School Board that:

- Your financial records are credible
- You are complying with local, state, and federal rules, regulations, and laws
- Assets are secure
- Staff, financial, and physical resources are being used appropriately
- Daily operation and programs are functioning as intended



Internal Controls are your LEAs Security System

Strong Internal Controls Systems are important because they protect:

- LEA financial, employee, and student data
- Provide polices, procedures, and processes
- Reduce the risk of fraud
- Ensure accurate financial reporting
- Identification of errors



Internal Controls are your LEAs Security System

Strong Internal Control systems are important because they provide:

- Compliance with applicable rules, laws, and regulations
- Accurate and reliable program and fiscal reporting
- Effective and efficient processes, systems, and operations
- Accounting control over assets, liability, revenue, and expenditures

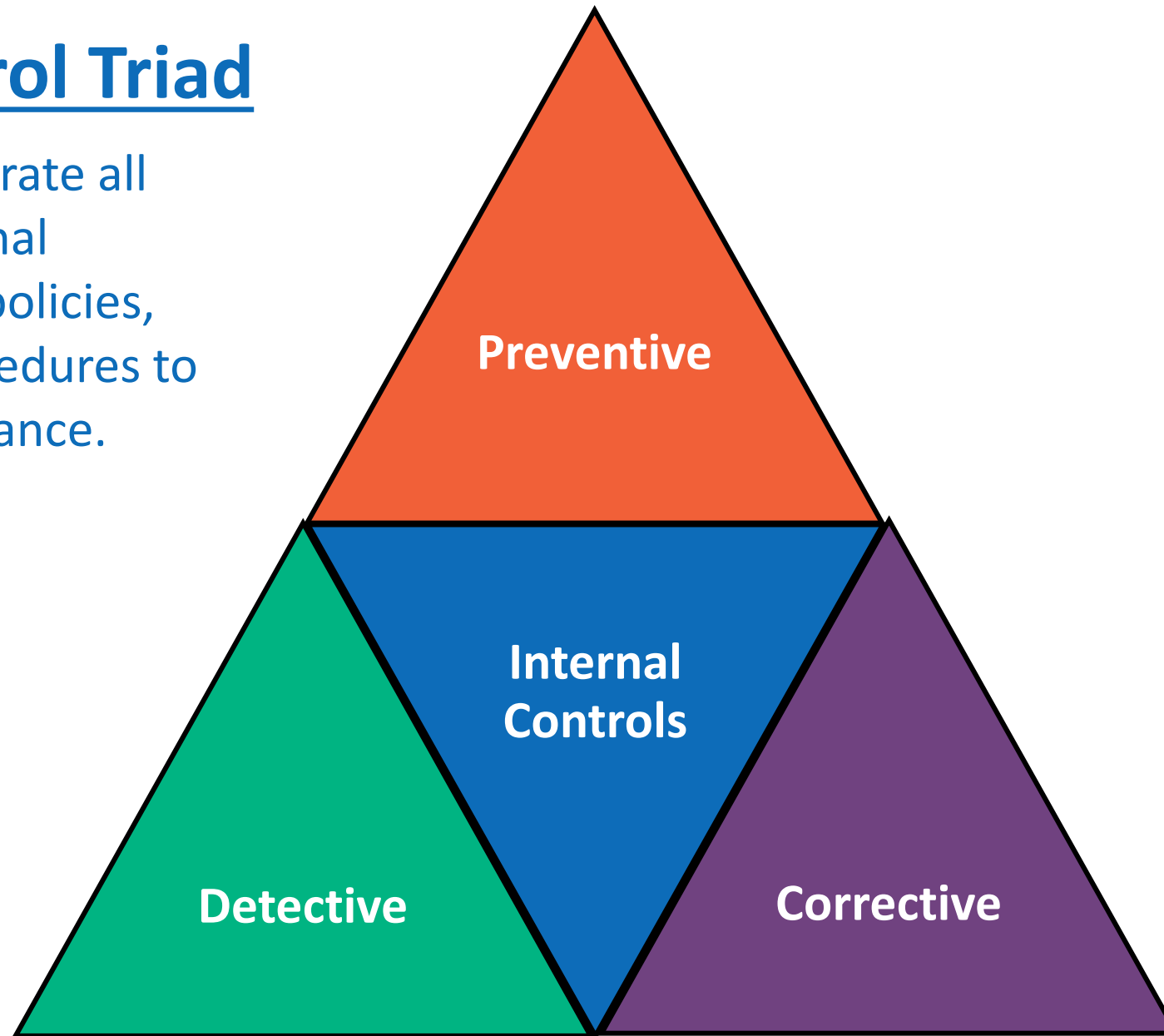


**Be Proactive
Not Reactive**



Internal Control Triad

LEAs should incorporate all three types of internal controls in the LEA policies, processes, and procedures to prevent non-compliance.



Internal Control Triad Activity



Activity Instructions:

1. Review the Internal Control Triad.
2. Discuss what each control does with your group and provide LEA examples.

Internal Control Triad Tool

Types of Controls	What it Does	Examples
Preventive		
Detective		
Corrective		

Types of Internal Controls

Types of Controls	What it Does	Examples
Preventive	Prevents mismanagement or irregularities from occurring	<ul style="list-style-type: none">▪ Segregation of staff duties▪ Approval, authorization, and verification process▪ Securing assets▪ Cyclical review of inventory and records▪ Record Retention
Detective	Identifies any mismanagement or irregularities	<ul style="list-style-type: none">▪ Ongoing monitoring of program and grant budget and activities▪ Audits▪ Conducting physical inventory of assets▪ Review and reconciliation of data to detect or investigate any irregularities
Corrective	Provides risk response strategies	<ul style="list-style-type: none">▪ Monitoring and course correction of programs and grant activities and budget expenditures to identify non-compliance or weakness in local internal controls▪ Using an automated system that can detect and reject non-compliant or unallowable expenditures or processes

Internal Control Components

Communication

Provide clear and consistent communication and training.

Monitoring

Assess potential risks and weak internal controls. Audit financial records and physical assets.

Culture of Compliance

Promote a culture of compliance starting with LEA leadership. Ensure policies, procedures, and processes are in place and followed. Set clear expectations and division of responsibilities.

Risk Assessment

Identify potential risks, implement internal controls to mitigate them. This is the most basic step of risk mitigation.

MGMT Systems

Implementation and continuous improvement of LEA accounting, inventory, coding, procurement process, etc.



Communication is Key for Culture of Compliance Staff Buy-In



Communication is a two-way process that sets and reinforces clear and consistent expectations.



Providing ongoing training is an internal control that reinforces expectations for staff compliance.

Culture of Compliance - Communication is Key for Staff Buy-In

Build Trust by Providing:

**Written Aligned Policies,
Procedures, and Processes**

Consistent Communication

Cultivate Open Communication

Respect for the opinion of others



Communication and Training Process



What communication systems and strategies can staff, and leadership teams utilize?



For local controls to be successful, they must be communicated effectively to all staff.

Communication and Training Strategies and Systems



Staff first need to understand leadership expectations and what it means to help support and strengthen internal controls through the ongoing processes.



Don't assume people know what to do when they have received little to no guidance.

Communication, Training Strategies and Systems



Effective communication and training strategies and systems equip staff to assist with risk mitigation, compliance with federal requirements, and prevention of fraud, waste and abuse.



Training is an opportunity for two-way communication for staff to understand the expectation for integration, improvement, and implementation of internal controls with fidelity.

*Mismanagement
of Funds*



*Single-Audit
Findings*



*Subrecipient
Monitoring*



*Non-Compliance
Referrals*

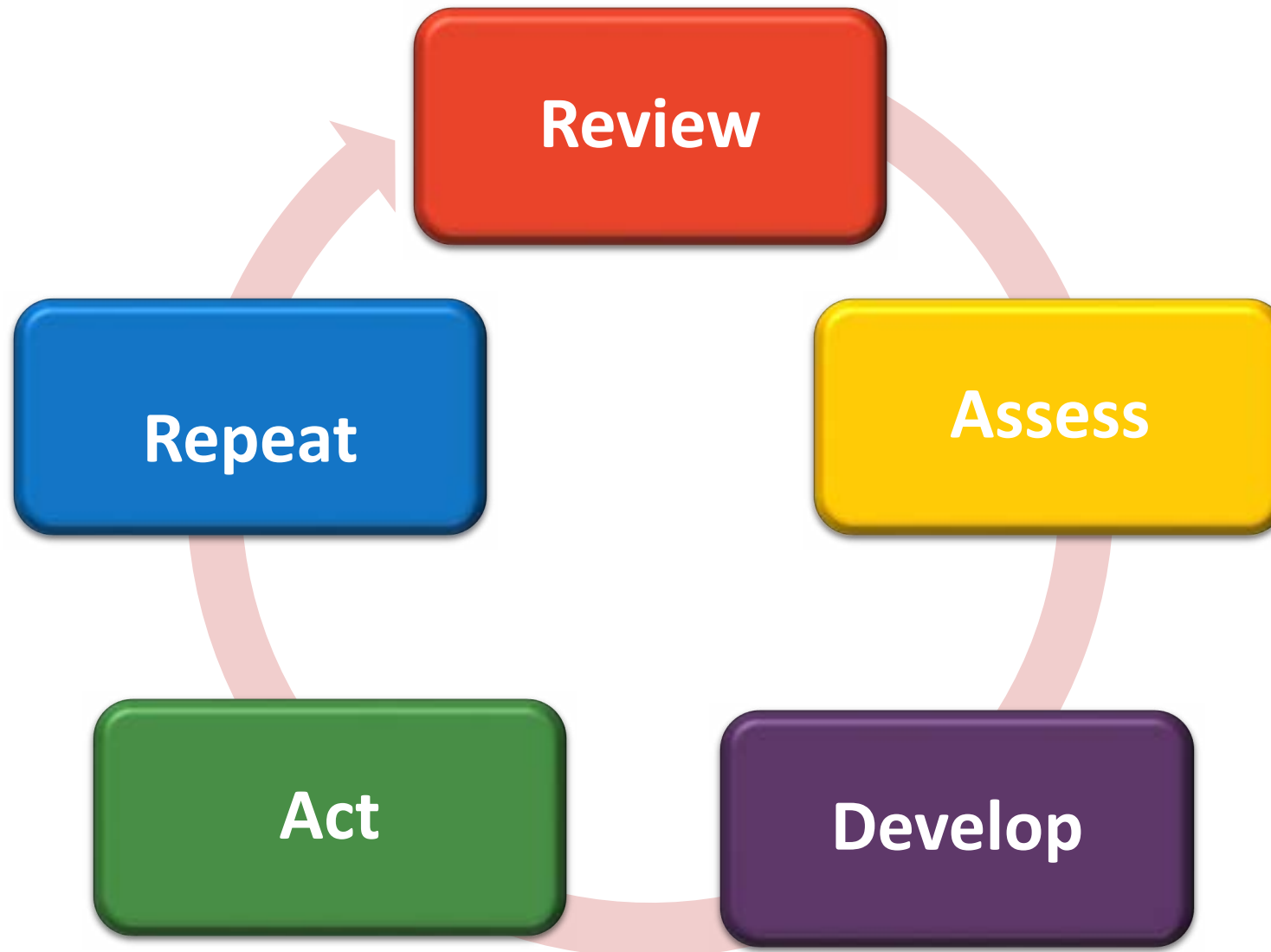


*High-Risk
Designation*



Weak Internal Controls May Lead To

Evaluation and Monitoring of Current Internal Controls



Evaluation and Monitoring of Current Internal Controls

Review

Written policies, procedures, and processes to ensure compliance with local, state, and federal rules, regulations, and laws

Assess

Effectiveness of internal controls and identify areas of weak internal controls

Develop

Tools and systems to help identify, mitigate, and address risk and areas of non-compliance

Act

Develop and implement an action plan to address and revise any weak or obsolete internal controls

Repeat

Evaluation of Internal controls is an ongoing process that drives continuous improvement

Evaluation and Monitoring of Current Internal Controls Activity

Activity Instructions:

1. Review the recommended steps for evaluating and monitoring current internal controls for your LEA:
 - Review
 - Assess
 - Develop
 - Act
 - Repeat
2. Determine the best time of year and which staff can address each step in the Evaluation and Monitoring of Current Internal Controls Tool.



Evaluation and Monitoring of Current Internal Controls Tool

	Action Step	Time of Year	Who
1	Review		
2	Assess		
3	Develop		
4	Act		
5	Repeat		

How to Identify Weakness in Your Internal Controls?

1

**Do You Have
Written Internal
Controls?**

- Policies
- Procedures
- Processes
- Communication
- Training



How to Identify Weakness in Your Internal Controls?

2

Audit Your
Systems

- Written Policies and Procedures for:
 - Hardware
 - Software
 - Security of assets



How to Identify Weakness in Your Internal Controls?

3

Assess and Mitigate Your Risk

- Identify potential risks and weakness in internal controls
- Review and update policies and procedures on a cyclical basis
- Implement staff communication channels and processes
- Develop recommendations to mitigate identified risks and internal control weakness



How to Identify Weakness in Your Internal Controls?

4

**Provide
Ongoing
Training To:**

- Build a Culture of Compliance
- Mitigate human error
- Supplement communication systems
- Implement on your written internal controls, policies, and procedures with fidelity



How to Identify Weakness in Your Internal Controls?

5

**Monitor Your
Internal
Controls By:**

- Incident detection
- Response protocol
- Establish response timelines
- Mitigating human error
- Communication of incidents to your staff



6

Assess and Identify Administrative Risk and Weak Internal Controls Answering the Following Questions:



How can staff protect data, financial, and physical assets?



How can staff detect and report fraud, waste, and abuse?



What are the written policies and procedures?

7

How Do You Mitigate Risk of Weak Internal Controls for the Introduction that New Technology?

Hardware

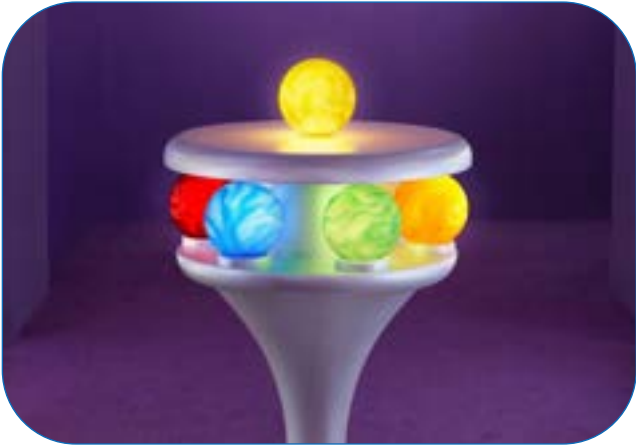


Software



8

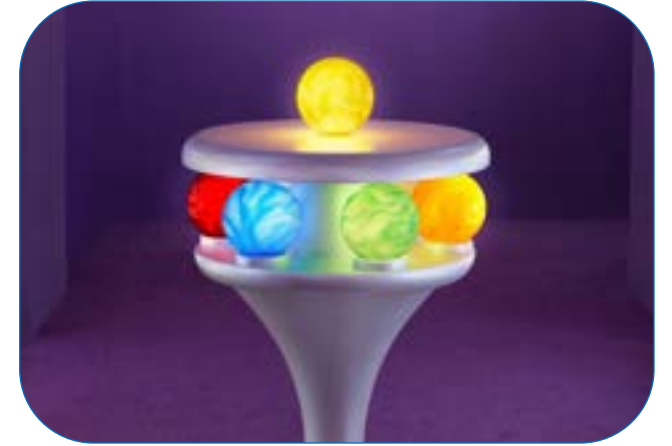
Operational Internal Controls to Mitigate Human Error



Staff who do not follow, understand, or are unaware of your LEAs internal controls can unintentionally create a weakness.



Staff should identify and communicate an incident to a supervisor as soon as possible.



What are the consequences when policies, procedures, and process are ignored, circumvented or not implemented correctly?

8

Operational Internal Controls to Mitigate Human Error



Propose and implement new internal control processes.



Encourage others to model proactive compliance activities.



Recognize staff that consistently implement internal controls.

Improving Internal Controls Systems and Change Management



Capacity



Culture of Compliance



Continuous Improvement



Initiative



Planning



Execution



Monitoring



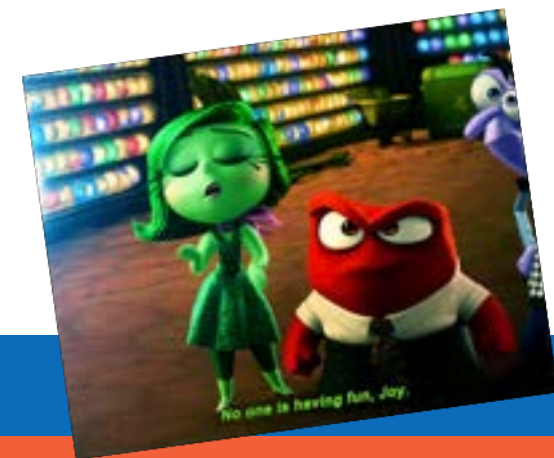
Lunch Break



Internal Control Assessment Activity

Activity Instructions:

1. Review the Internal Control Assessment Tool with your group.
2. Does your LEA have written policies, procedures, and documentation to capture this information in accordance with EDGAR and UGG?
3. If yes, how often are your LEA policies, procedures, and documentation updated, and by whom?
4. If not, which staff members can assist with developing and implementing LEA policies, procedures, and documentation to strengthen internal controls and become compliant?



Sample Internal Control Assessment Tool

	Internal Control Assessment	Completed	Incomplete	Attention Needed	N/A
1	Segregation of duties				
2	Ongoing review and reconciliation of financial records				
3	Documentation of financial transactions and processes				
4	Financial transaction authorization and approval process				
5	Physical controls to safeguard assets to prevent theft				
6	Prevention of unauthorized access to data systems				
7	Ongoing monitoring of internal controls				
8	Compliance with local, state and federal rules, regulations, and laws				
9	Employee internal control communication and training				
10	Internal control evaluation				

1 Segregation of Duties

Segregation of Duties refers to the practice of dividing critical tasks and responsibilities among different individuals to create checks and balances and reduce the risk of fraud or errors. This helps ensure that no single individual has complete control over a process from start to finish, minimizing the opportunity for misconduct or mistakes.

What should an LEA do if there isn't enough staff to segregate duties?



Segregation of Duties Activity



Activity Instructions:

Provide examples of how your LEA addresses segregation of duties based on size and available staff. Share any challenges, barriers, or best practices:

LEA Size	Example

Segregation of Duties Examples

Example 1	Example 2
<p>Have someone externally or internally perform an external review of activities.</p> <ul style="list-style-type: none">▪ External – ESC staff▪ Internal – LEA program staff	<p>Designated LEA staff should perform a high-level review of a detailed report of all completed transactions.</p>
Example 3	Example 4
<p>Designated LEA staff may periodically select a sample of transactions, request and review the supporting documents to ensure that they are complete, appropriate, and accurately processed. This monitoring procedure should be documented.</p>	<p>Designated LEA staff may perform other duties as a compensating control for observation and inquiry. Where appropriate, increasing supervisory observation, oversight, and reviews of LEA processes performed and making inquiries of employees.</p>

Segregation of Duties Next Steps

Identify

LEA processes and systems that require segregation of duties and create checks and balances that will identify, mitigate, and manage risk of fraud.

Analyze

The tasks and responsibilities associated with each process or system.

Determine

Which tasks should be segregated to create effective internal controls.

Assign

Different individuals to perform the segregated tasks and duties.

Create

Written documentation of the segregation of duties and the individuals responsible for each task.



Segregation of Duties Next Steps Cont.

Establish

Regular reviews to ensure ongoing compliance and effectiveness of the segregation of duties.

Monitor

Changes in staff roles or responsibilities that may impact segregation of duties.

Train

Staff on the importance of segregation of duties and their specific responsibilities.

Document

Exceptions or mitigating controls in cases where complete segregation is not feasible.

Regularly

Assess and update segregation of duties on a cyclical basis.



2 Ongoing Review and Reconciliation of Financial Records

These processes and systems should include regular review and reconciliation of financial statements, records, and accounts.

It is important to ensure the accuracy and integrity of all LEA financial data records and identify any discrepancies or errors in a timely manner. The review and reconciliation process should include comparing financial statements with supporting documentation, such as bank statements and invoices, to verify the accuracy of every recorded transaction.

Any discrepancies should be investigated and resolved promptly. Reconciling accounts involves comparing the balances in the general ledger with subsidiary ledgers or other supporting records to ensure consistency and accuracy. This process will help your LEA to maintain strong internal controls over financial reporting and prevent fraud, waste and abuse.

2 Ongoing Review and Reconciliation of Financial Records

Review

All financial statements and supporting documentation, such as bank statements, invoices, and receipts on a cyclical basis.

Compare

The amounts and details in the financial statements with the corresponding supporting documentation to verify accuracy.

Investigate and Resolve

Any discrepancies or errors found during your review and reconciliation process.

Reconcile

Balances in your general ledger or other supporting records to ensure consistency and accuracy.



2 Ongoing Review and Reconciliation of Financial Records

Document

Your LEA review and reconciliation process, including a timeline to follow up and resolve any issues or resolutions.

Follow up

On outstanding items or unresolved discrepancies in a timely manner.

Ensure

Proper authorization and approval procedures are documented and implemented throughout the review and reconciliation process.

Communicate

Significant findings or issues to relevant stakeholders, such as management or the audit committee.



3 Documentation of Financial Transactions and Processes

These processes and systems ensure that there is adequate written documentation of all financial transactions, policies, and procedures within your LEAs internal controls.

It is important to have clear written detailed documentation to ensure accuracy, accountability, and transparency of your financial operations.

Your LEAs written documentation should include documentation of all financial transactions, such as invoices, receipts, and payments, as well as documenting the processes and procedures followed for each transaction.

Review

Your LEAs existing financial documentation guidelines and standards for financial transactions and processes.

Identify

Any gaps or areas for improvement in your current financial documentation practices and processes.

Develop

A standardized template for documenting financial transactions and processes.

Ensure

All relevant financial information is documented, including transaction details, supporting documents, and approval processes.



3 Documentation of Financial Transactions and Processes

Train

All employees on the importance of financial documentation. Provide guidance and processes on how to properly document financial transactions.

Compare

The amounts and details in your financial statements with the corresponding supporting documentation to verify accuracy.

Monitor

Your LEAs compliance documentation requirements and provide feedback and guidance to employees as needed.



3

Building Internal Controls for Record Retention Requirements Subrecipients Must Retain All:



Federal award records for three years from the date of submission of their final financial report.



Texas Retention is five years from the final report or 7 years from the date of the specific activity being documented.



Federal property and equipment records – 3 years after final disposition.



Texas – 7 years after disposition.



Federal Program income earned records – 3 years from end of fiscal year in which the program income was earned.



Texas – 7 years from date program income was earned



Records Management

- [Local Schedule GR,
Retention Schedule for
Records Common to All
Local Governments](#)
- [Local Schedule SD,
Retention Schedule for
Records of Public School
Districts](#)



Forms



Laws and Rules



Training



Local Retention
Schedules



State Retention
Schedules



The Texas Record Blog

4

Financial Transaction Authorization and Approval Process

These processes and systems involve establishing appropriate authorization and approval processes for financial transactions within your LEA.

These processes and systems ensure that there are proper internal controls in place to prevent unauthorized transactions and minimize the risk of fraud, waste and abuse.

These written processes and systems should include how your LEA staff consistently review and document existing authorization and approval processes, identifying any gaps or weaknesses, and implementing necessary improvements in a timely manner.

Ongoing staff training on the importance of following your LEA policies, procedures, and financial systems and how your LEA periodically monitors and evaluates the effectiveness of these financial internal controls should be maintained and reviewed on a cyclical basis.

Review

Your existing LEA authorization and approval processes for all financial transactions.

Identify

Any gaps or weaknesses in your current financial internal control processes and systems.

Develop

A written comprehensive authorization and approval processes and procedures that includes clear guidelines, roles, responsibilities, and segregation of duties.

Implement

New processes by communicating them and providing training to all employees.



Establish

Policies, procedures, and systems for periodic monitoring and evaluation of the effectiveness of your LEA financial authorization and approval processes.

Make

Necessary adjustments and improvements based on the results of your LEA cyclical monitoring and evaluation.

Document

All changes and updates needed to mitigate any identified weakness in your LEAs financial authorization and approval policies, procedures, processes and systems.



Discuss How Internal Control Components 1-4 are Interrelated



Segregation of Duties



**Ongoing Review and
Reconciliation of
Financial Records**



**Documentation of
Financial Transactions
and Processes**



**Financial Transaction
Authorization and
Approval Process**



10 Minute Break



5

Physical Controls to Safeguard Assets to Prevent Theft

These processes and systems involve implementing physical internal controls to safeguard assets and prevent theft.

Physical internal controls refer to the measures put in place to physically protect assets from unauthorized access, damage, or theft.

These internal controls can include security systems, access controls, surveillance cameras, locks, alarms, and physical barriers.

By implementing these physical internal controls, your LEA can mitigate and manage the risk of theft and ensure the safety and security of your LEAs assets.

Equipment Management Requirements Activity

1. Review the Equipment Management Requirements chart with your group.
2. Does your LEA have written policies, procedures and documentation to capture this information required in CFR §200.313(d)(1)?
3. If yes, how often are your LEA policies, procedures, and documentation updated, and by whom?
4. If not, which staff members can assist with developing and implementing LEA policies, procedures, and documentation to strengthen internal controls and become compliant?



Equipment Management Requirements Activity

Description	Serial or ID #	Funding FAIN	Title Holder	Acquisition Date	Cost	Percentage Federal Funds	Location of Property	Use of Property	Condition of Property	Disposition Data



CFR §200.313(d)(1) - Equipment Management Requirements

- Property Records Must Include Eleven Categories:
- Description of property
- A Serial Number or another identification number
- The source of funding including the Federal Award Identification Number (FAIN)
- Title holder
- Acquisition date
- Cost of the property
- Percentage of the Federal agency contribution toward the original purchase
- Location, use, and condition of the property
- Disposition data, including the date of disposal and sale price of the property

CFR §200.313(d)(2-5) - Equipment Management Requirements

2

Physical inventory of the property must be conducted, and the results must be reconciled with the property records at least once every two years.

3

A control system must be in place to ensure safeguards for preventing property loss, damage, or theft. Any loss, damage, or theft of equipment must be investigated. The subrecipient must notify the pass-through entity of any loss, damage, or theft of equipment that will have an impact on the program.

4

Regular maintenance procedures must be in place to ensure the property is in proper working condition.

5

If the subrecipient is authorized or required to sell the property, proper sales procedures must be in place to ensure the highest possible return.

Physical Controls to Safeguard Assets to Prevent Theft

Conduct

A thorough assessment of your LEAs assets and identify areas that require physical internal controls.

Develop

A plan for implementing physical controls based on your assessment.

Install

Appropriate security systems, such as surveillance cameras, alarms, and access controls, to monitor and control access to assets.

Implement

Physical barriers, such as locks, fences, and secure storage areas, to prevent unauthorized access.



Train

LEA staff on the importance of physical internal controls and the proper use of security systems.

Regularly

Review and test the effectiveness of your LEAs physical internal controls to ensure they are functioning properly.

Update and Improve

Physical internal controls as needed, based on changes in your LEAs assets or security risks.



Prevention of Unauthorized Access to Data Systems

These written, policies, processes, and procedures should include how your LEA assesses and implements internal controls to prevent and mitigate the risk of unauthorized access to your LEAs data systems.



It is important to ensure that only authorized individuals have access to sensitive student, staff and LEA information and resources.

2 CFR§ 200.303(e) Internal Controls and Cyber Security

Take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information.



2 CFR§ 200.303(e) Internal Controls and Cyber Security

This also includes information the Federal agency or pass-through entity designates as sensitive or other information the recipient or subrecipient considers sensitive and is consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.



Prevention of Unauthorized Access to Data Systems

Review

Your LEAs current data access internal control policies and procedures.

Evaluate

The effectiveness of existing LEA internal controls in preventing unauthorized access to LEA data systems.

Identify

Any gaps or weaknesses in your LEAs current data system internal controls.

Develop and Implement

Additional data system internal controls as necessary to mitigate identified risks.



Prevention of Unauthorized Access to Data Systems

Monitor

Access logs regularly to detect any unauthorized data access attempts.

Provide

Ongoing training to educate staff on the importance of LEA data internal controls and their impact on data security.

Periodically

Test the effectiveness of LEA data internal controls and security through simulated data attacks or other testing.

Document

All LEA data internal controls, policies, procedures, processes and systems to support consistent staff implementation.



Discuss How Internal Control Components 5-6 are Interrelated



**Physical Controls to Safeguard
Assets to Prevent Theft**



**Prevention of Unauthorized
Access to Data Systems**



7

Ongoing Monitoring of Internal Controls

Ongoing monitoring and testing of internal controls is a crucial aspect of maintaining strong and effective internal controls within your LEA.

These processes and systems involve conducting cyclical reviews and assessments to ensure that your internal controls are functioning as intended and are effectively managing and mitigating risks.

Ongoing monitoring of your LEA internal controls should include an evaluation to identify strengths and deficiencies of your internal controls and how you will implement any corrective internal control actions.

Ongoing monitoring and testing of internal controls helps to identify weaknesses or gaps in your LEA internal control environment and provides assurance that internal controls are operating as intended.

Review

Your LEAs internal control policies and procedures to determine the scope and objectives of the internal controls to be monitored and tested.

Identify

Key internal controls to be tested based on their significance in mitigating and managing risk.

Develop

A testing plan that outlines the objectives, scope, and methodology of your internal control testing.

Perform

Your internal control testing procedures as outlined in your LEAs testing plan, which may include inquiries, observations, and sample testing.



Ongoing Monitoring of Internal Controls

Document

The results of the testing, including any identified internal control deficiencies or weaknesses.

Evaluate

The significance and potential impact of internal control deficiencies or weaknesses and prioritize them for corrective action.

Develop and Implement

Your LEAs Corrective action plan to address the identified internal control deficiencies or weakness.

Follow Up

On previously identified internal control deficiencies to ensure that corrective actions have been implemented and are effective in a timely manner.



Document

Your LEA overall internal control monitoring testing activity findings, conclusions, recommendations, and corrective action plan.

Communicate

The findings conclusions, recommendations, and corrective action plan to your LEA leadership and staff.

Maintain

Documentation of your LEAs internal control testing activity findings, conclusions, recommendations, and corrective action plan. for future reference and audit purposes.



These processes and systems should ensure compliance with applicable rules, regulations and laws within your LEAs internal controls.

To support compliance with all local, state, federal rules, regulations, and laws, LEAs should review and assess their policies, processes, and procedures to ensure they align with all legal requirements and regulations.

LEA and ESC internal control processes and systems should include identifying any gaps or areas of non-compliance and implement corrective actions to address any deficiencies or weaknesses.

Review

All relevant rules, regulations, and laws to identify the requirements that apply to your LEA policies and procedures.



Assess

Your LEAs internal controls, policies, procedures, and systems to ensure compliance with the identified rules, regulations, and laws. Do you know if your LEAs local business policies and procedures include local, state and federal requirements?

Identify

Any deficiencies or areas of non-compliance in your LEAs internal controls, policies, procedures, and systems.

Develop and Implement

Corrective actions to address the identified deficiencies or areas of non-compliance.

Monitor and Review

The effectiveness of the implemented corrective actions.

Document

The findings, actions taken, and any recommendations for improvement.



These processes and systems include providing ongoing training and communication to staff regarding internal controls.

It is important to ensure that staff are aware of the internal controls in place and understand their responsibilities in adhering to them.

LEA and ESC trainings should cover topics such as the purpose of internal controls, the importance of compliance, specific internal control procedures, and reporting mechanisms.

Effective communication systems should be used to ensure that the information is clearly understood by all staff members.

Identify

Key internal controls that staff need to be trained on.

Develop

Training materials that clearly explain the purpose, procedures, and importance of LEA internal controls

Schedule

Ongoing training sessions and communicate the dates, times, and locations to all staff.

Conduct

Training sessions, ensuring that all relevant information is covered, and employees have the opportunity to ask questions.



Provide

Additional resources or reference materials for staff to review after the training sessions.

Obtain

Signed acknowledgment forms from staff to confirm their understanding of the internal controls.

Monitor and Follow Up

With LEA and ESC staff to ensure ongoing compliance with the internal controls.

Regularly

Review and update training materials and communication methods as needed.



10 Internal Control Evaluation

These processes and systems requires an internal LEA audit and risk assessment that conducts independent evaluations of internal controls.

Internal control evaluations assesses the effectiveness of your LEAs internal control systems and processes to ensure they are designed and operating effectively to identify, mitigate and manage risk.

LEA internal audit functions must review and test the internal controls in place, identify any weaknesses or deficiencies, and provide recommendations for improvement in a timely manner.

Review

Your LEAs written internal control policies, processes, procedures and systems.

Assess

The design and operating effectiveness of your LEA internal controls.

Conduct

Testing to identify any internal control deficiencies or weaknesses.

Document

Any findings and recommendations for improvement.



10 Internal Control Evaluations

Develop and Implement

Corrective action plan and next steps to address the identified internal control deficiencies, weaknesses, and areas of non-compliance.

Train

To LEA staff on any identified internal control deficiencies, weaknesses, areas of non-compliance and how they will be addressed by the corrective action.

Present

Evaluation results and your corrective action plan to your LEA leadership and/or School Board.

Monitor

The effectiveness of your corrective action plan to strengthen internal controls to assist in identifying, mitigating, and managing risk



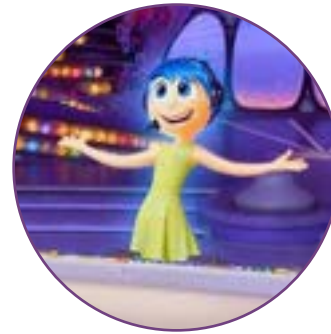
Discuss How Internal Control Components 7-10 are Interrelated



**Ongoing Monitoring
of Internal Controls**



**Compliance with Local,
State, Federal Rules,
Regulations, and Laws**



**Employee Internal
Control Communication
and Training**



**Internal Control
Evaluation**





Change Management

Improving Internal Controls Systems and Change Management



Capacity



**Culture of
Compliance**



**Continuous
Improvement**



Initiative



Planning



Execution



Monitoring



Change Management Process



Initiation



Execution



Planning



Monitoring



Change Management Activity

Activity Instructions:

Review the six change management components and discuss the next steps and strategies needed to implement change management to support strong internal controls and an internal risk assessment process.



Change Management Tool

	Component	Next Steps	Strategies
1	Communication		
2	Readiness		
3	Buy-in		
4	Mitigating Resistance		
5	Enacting and Sustaining Change		
6	Managing Change Process		

Change Management Component 1

Component	Next Steps	Strategies
Communication	<p>Determine the:</p> <ul style="list-style-type: none">• Why• Who, and• How your LEA will communicate changes of internal control policies, procedures, systems, etc., to staff.	<ul style="list-style-type: none">• Identify key LEA stakeholders to determine the types of communication needed.• Develop LEA communication systems.• Develop LEA resources and training.• Provides opportunities to share any change management updates to staff. Share what is working well.• Highlight staff who are implementing change you want to see.• Utilize data to communicate the who and how of your LEA change initiatives.

Change Management Component 2

Component	Next Steps	Strategies
Readiness	<ul style="list-style-type: none">• Assess staff perception of urgency and their wiliness to implement new or revised internal control system changes.• Determine what resources are needed so that changes can be implemented by staff.	<ul style="list-style-type: none">• Survey staff to better understand the demand of their role, their experience with implementing new systemic changes, and the perceived impact of the change initiatives.• Start with a pilot program.• Provide ongoing coaching and mentorship to prepare staff for the change initiatives.• Provide data demonstrating the need for the proposed changes.

Change Management Component 3

Component	Next Steps	Strategies
Buy-In	<ul style="list-style-type: none">LEA Leadership needs to assess, build, and establish trust with staff. This is a foundational step of the internal control change management process.LEA Leadership needs to determine how they can facilitate and develop buy-in from staff in order to implement the changes needed to strengthen internal control systems.	<ul style="list-style-type: none">Promote honest conversation. between LEA leadership and staff.Be transparent.Provide clear expectations.Model and practice accountability.Highlight growth and positive outcomesCommunicate the consequences for staff that do not implement required internal control changes.

Change Management Component 4

Component	Next Steps	Strategies
Mitigating Resistance	<ul style="list-style-type: none">Identify areas of staff resistance to the proposed changes to LEA internal control systems.Design communication, training, and resources to support staff with understanding and implementing of new internal control systems.	<ul style="list-style-type: none">Identify what systems, policies, and procedures are already in place to help accomplish your vision of change management.Share with staff how current systems are being modified to improve and strengthen internal control systems. This will help staff self-reflect, evaluate, and understand that LEA leadership will be making changes only were needed.Provide opportunity for staff feedback on their concerns about the proposed changes. This will assist leadership to understand any reluctance by staff to implement any modified or new internal control systems.

Change Management Component 5

Component	Next Steps	Strategies
Enacting and Sustaining Change	<ul style="list-style-type: none">• Developing, modeling, and promoting a Culture of Compliance.• Provide staff with a structured implementation timeline.• Develop and provide staff resources to support implementation of new or revised internal control systems.• Clearly communicate to LEA staff, what is expected to support a Culture of Compliance.	<ul style="list-style-type: none">• Incentivize change.• Update job descriptions to include staff responsibilities required to support new or revised internal control systems.• Develop easy to use tools and resources.• Providing training, coaching opportunities, and updated resources to LEA staff.• Share staff successes and lessons learned.• Simplify processes and systems to facilitate staff buy-in and implementation.

Change Management Component 6

Component

Next Steps

Strategies

Managing Change Process

- Develop data, milestones, and other activities to assess your LEAs change management progress.
 - Determine how your LEA will evaluate the rate of change and fidelity of implementation.
 - Determine the timeframe between rollout, evaluation, and course correction.
- Evaluate progress of change management by reviewing data and progress of milestones and key activities.
 - Facilitate cyclical opportunities for staff feedback and conversations regarding progress or areas of concern regarding change initiatives.
 - Determine areas of strength and opportunities for improvement. Share these results with LEA leadership and staff.
 - Ensure there are opportunities for LEA leadership and staff to communicate any concerns, systems that are working well, and opportunities for growth.



Questions, Wonderings, or Comments

Federal Compliance Contact Information



Cal Lopez

Federal Compliance Officer

Department of Grant Compliance and Administration

Phone: 512-463-9017

Email: Cal.Lopez@tea.texas.gov

Email: NonCompResolution@tea.texas.gov

Susan Hicks

Federal Compliance Analyst

Department of Grant Compliance and Administration

Phone: 512-463-1658

Email: Susan.Hicks@tea.texas.gov

Email: NonCompResolution@tea.texas.gov



Presentation Feedback – How Did We Do?



