

June 19, 2017

TO THE ADMINISTRATOR ADDRESSED:

SUBJECT: Risk assessment level for school year 2017–2018 (fiscal year 2018)

As a pass-through entity, TEA awards federal grant funds to eligible subrecipients, including local educational agencies (school districts and open-enrollment charter schools). The responsibilities of pass-through entities are given in Title 2 of the Code of Federal Regulations, Part 200.331, which requires TEA to “evaluate each subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.”

To comply with this requirement, TEA’s Federal Fiscal Monitoring Division conducts an annual federal fiscal risk assessment of all subrecipients, including local educational agencies (LEAs), to determine their potential risk of noncompliance. [The specific criteria used in the risk assessment](#) are published on the division’s webpage. Based upon the outcome of the risk assessment, subrecipients are assigned a risk level of low, medium, or high.

Accessing Your Risk Level

TEA has assigned all LEAs a risk level for the 2017–2018 school year. You may learn your risk assessment level by accessing the GFFC Reports and Data Collections secure application, where you will find a letter for your organization. The letter indicates your risk level. Follow these steps to access your letter:

1. Log on to [TEASE](#) or [TEAL](#).
2. Select “GFFC Reports and Data Collections.”
3. Select “Risk Assessment Level” from the report title drop-down menu.
4. Select “2017–2018” from the school year drop-down menu.

Purpose of the Annual Risk Level

The risk assessment is used to determine the *likelihood* that a subrecipient may fail to comply with applicable statutes, regulations, and non-regulatory guidance. If your organization is assigned a high risk level (as a result of the annual risk assessment), it does not necessarily indicate that your organization has failed to comply with statutes, regulations, requirements, or non-regulatory guidance. Similarly, a low risk level does not indicate that your organization is compliant with all applicable statutes, regulations, requirements, or non-regulatory guidance.

The risk assessment is conducted annually, so your organization’s risk level can change from year to year. A subrecipient assigned a high risk level for 2017–2018 may be assigned a medium or low risk level in 2018–2019.

Effect of Different Risk Levels

An organization's risk level will be used by TEA in the following ways:

- ***Differentiated Grant Negotiation.*** TEA uses a differentiated grant negotiation process for federal grant applications. Organizations with a medium or high risk level are subject to a more stringent grant negotiation review than those with a low risk level.
- ***Subrecipient Monitoring.*** Each year, TEA selects subrecipients for fiscal monitoring according to their risk levels. The higher your organization's risk level, the more likely you are to be selected for monitoring; however, TEA monitors subgrantees from each risk level.

For Further Information

If you have questions about the annual risk assessment, please contact the Federal Fiscal Monitoring Division at ffm@tea.texas.gov.

Sincerely,

Roger Hingorani, Director
Federal Fiscal Monitoring Division