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July 23, 2018

**GUIDANCE MEMORANDUM #18-13**

**TO:** School District Superintendents, Charter School Executives, and all other  
NDE Grant Subrecipients

**FROM:** Steve Canavero, Ph.D.  
Superintendent of Public Instruction 

**SUBJECT:** The Nevada Department of Education (NDE) Risk Assessment & Monitoring  
Announcement

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The Nevada Department of Education (NDE), in our role as the Single State Authority (SSA) for the State of Nevada, continually strives to meet the expectations of federal granting agencies, while maintaining a collaborative and supportive relationship with our subrecipients. One of our priorities as the SSA is to ensure our compliance with the administrative and financial requirements that govern Federal and State grant funding.

NDE in our continuing effort to improve our own policies and practices, and to support all beneficiaries of the grant programs under our administration, will be implementing Subrecipient Risk Assessment and Monitoring Policies beginning State Fiscal Year (SFY) 2019.

As the responsible pass-through entity, as defined by Title 2 of the Code of Federal Regulation Part 200, NDE is required to implement subrecipient risk assessment and associated monitoring and programmatic support. Risk assessment and subrecipient monitoring are an information gathering and evaluation process focused on the adherence to federal, state and program requirements. The process is not intended to be an auditing function that identifies or enacts disciplinary actions. Instead, the process is intended to be a proactive approach for the detection of administrative and programmatic strengths and weaknesses in an organization, to provide a collaborative and supportive technical assistance process for improving objectives and outcomes, and to enhance grant performance and grant reporting.

An organization's risk assessment level will be determined annually and based upon the subrecipient's ability to financially administer Federal and State grant programs. The frequency and method of subrecipient monitoring will be determined based upon the assessed risk level.

The initial subrecipient risk assessment will be conducted via subrecipient questionnaire completion and will consider the following conditions:

- Maturity of Organization (Years in Business/Operation);
- Key personnel turnover;
- Review of prior year's audit reports and findings;
- Percentage of operational budget funded by federal dollars;
- Percentage of awards being subgranted and/or subcontracted;
- Internal Control Processes for all applicable categories in the following list:
  1. Internal Control Monitoring and Evaluation
  2. Revenues (cash management)
  3. Accounts Receivable
  4. Accounts Payable
  5. Purchasing
  6. Travel
  7. Contracts
  8. Grants Management
  9. Subrecipient Monitoring
  10. Capital Assets and Inventory
  11. Personnel and Payroll

As part of the Risk Assessment Policy, NDE is currently finalizing the Subrecipient Risk Assessment Questionnaire for distribution to all subrecipients. Your timely and thorough completion of this questionnaire is requested in order to initiate this process and assess your organizations risk level. Review and evaluation of all subrecipient questionnaires will be completed and used to develop the tentative monitoring schedule for the upcoming 2019 Fiscal Year.

The NDE is committed to providing support and assistance to you and your agency for the effective administration of our Federal Grant Programs. Please feel free to contact Stefani Hogan or James Kirkpatrick of our Grants Management Unit should you have any questions or need further clarification.