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MEMORANDUM

TO: Members, State Board of Education

FROM: Natalie Grange CPA, CFE
Internal Auditor

DATE: August 8, 2014

SUBJECT: Report on Monitoring of Non-LEA Entities

Monitoring Process

The Utah State Office of Education (USOE) serves as the prime recipient for numerous federal grants. The grants are awarded and passed through to various subrecipients by the USOE. The USOE, as the pass through entity, is required by OMB Circular A-133 to ensure that subrecipients expending \$500,000 or more in Federal awards during a fiscal year have met single audit requirements of A-133. The USOE Internal Audit (IA) department instituted a monitoring process for all subrecipients of federal funds from the USOE. The following details the procedures and results of our monitoring process over colleges and universities, applied technology colleges, various non-profit entities, and others that receive federal funds from the USOE but are not a local education authority (LEA).

We initially identified around 223 non-LEAs using expenditures from the accounting system for FY2013. We excluded non-LEAs whose sole source of funding came from the Child Nutrition Program (CNP), as these entities will not be covered in this report. The remaining non-LEAs were assessed, and a threshold was established. Non-LEAs who expended above the threshold limit were monitored for compliance under A-133, if applicable.

Results of Monitoring

Twenty-three non-LEAs were identified. Certification forms were sent to each of the non-LEAs for which single audits were not available online. Financial and single audits, including the management letters, were reviewed if the non-LEA certified that they expended more than \$500,000 in total federal funds during FY2013.

We did not note any non-LEAs with findings of noncompliance or audit findings that were applicable to the programs administered at the USOE.

If committee members desire further details, please contact me at 801-538-7813 or Natalie.Grange@schools.utah.gov.