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Travis County Auditor's Office
Subrecipient Risk Assessment Results – Del Valle Independent School District
February 11, 2022

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From: Patti Smith, CPA
Travis County Auditor

Date: February 11, 2022

Subject: Risk Assessment Results - Del Valle Independent School District

The American Rescue Plan Act (ARPA) of 2021 is a $1.9 trillion federal economic stimulus bill. Within the ARPA, the Coronavirus State and Local Fiscal Recovery Fund (LFRF) provides $130 billion for local governments, split evenly between municipalities and counties. Travis County has been allocated $247,450,630 in LFRF funds.

When the County remits LFRF funds to another organization to carry out the federal award, that organization may be considered a subrecipient by the federal government depending on the details of the County's relationship with that organization. Travis County is required to comply with applicable Code of Federal Regulations (CFR) for its subrecipients. Specifically, the County must comply with 2 CFR §200.332 (b), which requires the County to perform a risk assessment and evaluate internal controls for federal grant subrecipients. The County is required to use these risk assessment results to develop a monitoring plan for the subrecipients.

The Risk Evaluation & Consulting Division (REC) of the Travis County Auditor's Office has completed a risk assessment of grant subrecipient Del Valle Independent School District (Del Valle ISD); the following report details our findings for this risk assessment.

RISK RATINGS

For subrecipient risk assessments, REC utilizes a five-level risk rating scale from very low to very high to quantify risks based on 11 criteria. The ratings for these criteria are then used to assign an overall risk rating to the subrecipient of low, medium, or high. We determined the overall risk rating for Del Valle ISD to be low; details about risk criteria rated very high is provided in the Areas of Concern paragraph below. See Attachment A for a summary of the individual risk ratings for the 11 risk criteria.

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AREAS OF CONCERN

In this section, we report on risk criteria rated high or very high. We noted the following for Del Valle ISD:

Very High-Risk Rating:

State/Federal Agency Monitoring During the Past 3 Years
Del Valle ISD was not subjected to state or federal grant monitoring during the past 3 years. The purpose of monitoring is to determine if the grant recipient has complied with applicable grant rules and regulations. There is increased risk associated with this subrecipient since the County is unable to obtain information about this entity's past compliance with grant rules and regulations. Because the County is a pass-through entity, if the subrecipient is noncompliant, the County is also noncompliant.

RECOMMENDATIONS FOR IMPROVEMENT

We recommend Del Valle ISD maintain strong internal controls to ensure they comply with all grant terms and federal requirements.

FINANCIAL OBSERVATIONS

The following observations are based on the June 30, 2021 audited financial statements provided by Del Valle ISD:

Financial Statements

- Annual revenues totaled $111,538,303. Revenues were comprised of local and intermediate sources (68.2%), state program revenues (28.6%), and federal program revenues (3.2%). Expenditures totaled $110,290,223, which resulted in an excess of revenues over expenses of $1,248,080.

- Assets totaled $67,246,901, and liabilities totaled $18,366,702, resulting in unassigned net assets of $48,880,199.

Financial Ratios

- The current ratio is 5:1 (current assets/current liabilities), with 1:1 being the minimum suggested. This ratio measures the entity's ability to pay short term obligations (due within one year) with current assets.

- Net assets without restrictions as a percentage of total expenses is 44.3%, meaning expenses could be paid with net assets for 162 days (44.3% x 365 days). The Government Finance

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Officers Association recommends having a minimum of two months, so Del Valle ISD is well below this threshold.

RISK ASSESSMENT TEAM

Joanne Englund, CPA, Financial Analyst VI

CLOSING

This report is intended solely for the information and use of County departments and offices involved with processing LFRF grant funds and the Commissioners Court. Please contact us if you have any concerns or questions regarding this report.

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Risk Assessment File

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ATTACHMENT A – RISK ASSESSMENT RATINGS

Risk Assessment Criteria	Rating
1. Financial impropriety involving the subrecipient reported in the media	**Very Low**
2. Amount of grant award for this project/program	**Medium**
3. Experience managing any type of grant funds	**Very Low**
4. Grant experience: dollar amount of grant revenue for most recent fiscal year	**Very Low**
5. Single Audit	**Very Low**
6. Financial statement audit	**Very Low**
7. Financial records and reporting	**Very Low**
8. State/federal agency monitoring during the past 3 years	**Very High**
9. Personnel experience and/or turnover	**Medium**
10. Internal Control Questionnaire	**Low**
11. Documented procedures 2 CFR 200	**Medium**
Overall Risk Rating	**Low**