

Risk Assessment Tool (version date 3.28.16)

Adapted from AGA

INSTRUCTIONS: This form is completed when considering entering into a federal grant/contract **subaward**. It may be completed by the Sponsored Research office or various sections may be completed by other offices/persons depending on expertise. If entering into a subaward with another PASSHE university, do not complete this risk assessment or a formal subaward agreement.

Subrecipient Name: _____

Date of Assessment _____

Program/Project: _____

Address of subrecipient: _____

Name and title of person responsible for financial matters:

Contact information (email address and telephone number):

QUICK RISK ASSESSMENT FOR SUBAWARD RENEWALS

1. Is the subrecipient's award less than or equal to \$1000 or 10% of the prime university award? Yes _____
No _____

2. Is there a one-year, or longer, record of *exemplary past performance* (i.e. timely performance, all outcomes delivered, no financial discrepancies/problems) by the subrecipient and its staff on this *same* project/grant?
Yes _____ No _____ Please describe: _____

3. If the answer to BOTH 1 and 2 is YES, review the subrecipient's Single Audit or financial statement and go to Section V.

I. GENERAL (CAPACITY) ASSESSMENT Completed by: _____

A. (NO responses indicate risk)

1. Has the subrecipient previously received grants from the federal government? Yes _____ No _____

2. Has the subrecipient been timely in responding to program/fiscal requests, reports etc. ?
Yes _____ No _____ N/A _____ COMMENTS:

3. Does the subrecipient have the required research compliance procedures? Yes _____ No _____
N/A _____ COMMENTS:

a. If NO, has the Subrecipient agreed to follow the University's procedures? Yes _____ No _____ N/A _____
COMMENTS:

4. If the University had past subawards with this subrecipient,

a. Has the subrecipient complied with general terms and conditions? Yes ___ No ___ N/A ___

COMMENTS:

b. Has the subrecipient met expected performance goals? Yes ___ No ___ N/A ___ COMMENTS:

B. (YES responses indicate risk)

5. Is this program (grant) new for the subrecipient? Yes ___ No ___ N/A ___ COMMENTS:

6. Are you aware if the subrecipient's faculty or staff assigned to the program are inexperienced with the program? (*consult proposal bio sketches, resumes, cv's*) Yes ___ No ___ N/A ___ COMMENTS:

7. Is the subrecipient's scope of work unusually complex (*e.g., program, funding, matching requirements*)? Yes ___ No ___ N/A ___ COMMENTS:

8. Did the sponsor identify any concerns regarding the subrecipient during its merit review? Yes ___ No ___ N/A ___ COMMENTS:

9. Have any other entities (program offices, auditors, colleagues, etc.) alerted us of potential risk areas? Yes ___ No ___ N/A ___ COMMENTS:

10. Other areas of capacity assessment risk (entity-specific):

II. LEGAL ASSESSMENT Completed by: _____

(Yes responses indicate risk)

1. Is the subrecipient currently or previously been suspended or debarred? (Search Records on the Federal System for Award Management www.sam.gov) Yes ___ No ___ N/A ___

If yes, explain. _____ (Attach additional sheet if needed).

COMMENTS:

2. Is the subrecipient an international institution/organization? Yes ___ No ___ N/A ___ COMMENTS:
If YES, the subrecipient is automatically classified as high risk.

3. Other areas of legal assessment risk (entity-specific)

III. FINANCIAL SYSTEM ASSESSMENT Completed by: _____

(No responses indicate risk)

Is the subrecipient required to have a Single Audit? Yes ___ No ___

If **Yes**, search and access the subrecipient's audit at the Federal Audit Clearinghouse

<https://harvester.census.gov/fac/dissem/accessoptions.html> and go to **Section IV**.

If **No**, complete this section, using the subrecipient's responses on the *Questions for a Prospective Subrecipient*.

1. Will the subrecipient agree to adhere to Cost Accounting Standards Board regulations under the proposed subcontract? Yes ___ No ___ COMMENTS:

If NO, Does the subrecipient have a financial management system that provides records that can identify the source and application of funds for award-supported activities? Yes ___ No ___ COMMENTS:

2. Does the subrecipient have a financial management system that provides for the control and accountability of project funds, property, and other assets? Yes ___ No ___ N/A ___ COMMENTS:

3. Does the subrecipient have a formal, written policy that addresses--

- a) Pay rates and benefits? Yes ___ No ___ COMMENTS:
- b) Time and attendance? Yes ___ No ___ COMMENTS:
- c) Leave? Yes ___ No ___ COMMENTS:
- d) Discrimination? Yes ___ No ___ COMMENTS:
- e) Nepotism? Yes ___ No ___ COMMENTS:
- f) Conflict of interest? Yes ___ No ___ COMMENTS:
- g) Travel? Yes ___ No ___ COMMENTS:
- h) Purchasing? Yes ___ No ___ (See Endnote) COMMENTS:

4. Does the subrecipient have a method to support labor and benefit charges? Yes ___ No ___ COMMENTS:

5. Does the subrecipient maintain an inventory of government property that, at a minimum, identifies purchase date, cost, vendor, description, serial number, location, and ultimate disposition data? Yes ___ No ___ COMMENTS:

6. Other items of financial system assessment (entity-specific):

IV. OVERALL FISCAL ASSESSMENT Completed by: _____

(Yes responses indicate risk)

1. Will this subrecipient receive a large proportion of this grant's funds?

Yes ___ No ___ N/A ___ COMMENTS:

2. If this subaward is a continuation or a renewal, have there been variations between expenditures and the proposal budget (in the most recent annual report)?

Yes ___ No ___ N/A ___ (large variations=higher risk) COMMENTS:

3. If this subaward is a continuation or a renewal has the subrecipient returned (lapsed) significant unspent funds?

Yes ___ No ___ N/A ___ COMMENTS:

4. Other items of overall fiscal assessment (entity-specific):

V. FINANCIAL STABILITY (AUDIT) ASSESSMENT Completed by: _____

(Yes responses usually indicate risk)

To complete this section, search and access the subrecipient's audit at the Federal Audit Clearinghouse
<https://harvester.census.gov/fac/dissem/accessoptions.html>

1. Has it been more than one year since the subrecipient completed a Single Audit? (No single audit=higher risk)
Yes ___ No ___ N/A ___ IF NO, WHY NOT? _____

2. If the subrecipient is not required to have a Single Audit, does the subrecipient have annual financial statements that have been reviewed or audited by an independent audit firm?
Yes ___ No ___ COMMENTS **NO indicates risk**

A. For subrecipients with a federal Single Audit. N/A _____

1. Does the subrecipient's federal Single Audit (in Financial Statements Summary) include--
- a) An audit opinion (audit "type") that is qualified/modified opinion, adverse opinion or disclaimer of opinion? Yes ___ No ___ COMMENTS:
 - b) A "going concern"? Yes ___ No ___ COMMENTS:
 - c) A significant deficiency? (i.e. an internal control finding) Yes ___ No ___ COMMENTS:
 - d) A Material weakness? (i.e. an internal control finding) Yes ___ No ___ COMMENTS:
 - e) Any Non-compliance that is material to the financial statements? Yes ___ No ___ COMMENTS:
2. Does the federal Single Audit (in Federal Programs Summary) indicate--
- a) The auditee (subrecipient) qualifies as a low-risk auditee? Yes ___ No ___ COMMENTS:
NO indicates risk
 - b) There is a reportable condition disclosed for any major program? Yes ___ No ___ COMMENTS:
 - c) There is a reportable condition reported as a material weakness? Yes ___ No ___ COMMENTS:
 - d) There are known questioned costs reported? Yes ___ No ___ COMMENTS:
 - e) Were prior audit finding related to direct federal funding shown in the Schedule of Prior Audit Findings? Yes ___ No ___ COMMENTS:
Which agency/program? _____
If yes, were the prior findings corrected? _____

B. For subrecipients with no Single Audit N/A _____

Review the subrecipient's financial statements, including the auditor's opinion, the notes and management letter. The notes and "management letters" contain information and disclosures important to the understanding of the financial statements.

1. Is the auditor's opinion (i.e., audit "type") --
- a) A qualified opinion (i.e. one or more areas do not comply with GAAP, or the audit was limited in scope)?
Yes ___ No ___ COMMENTS:
 - b) An adverse opinion (material misstatements; as a whole does not conform to GAAP)? Yes ___ No ___
COMMENTS:

It would contain a statement such as Note: "In our opinion, *because of the situations mentioned above* (in the explanatory paragraph), the financial statements referred to in the first paragraph *do not* present fairly, in all material respects, the financial position of..."

c) or disclaimer of opinion? Yes____ No____ COMMENTS:

Issued when auditor could not form and consequently refuses to present an opinion on the financial statements when a) the auditor is not independent or when there is conflict of interest; or b) limitation on scope is imposed by client, as a result the auditor is unable to obtain sufficient appropriate audit evidence; or c) circumstances indicate substantial problem of going concern in client; or d) there are significant uncertainties in the business of client.

d) Include a "going concern" statement"? Yes____ No____ COMMENTS:

This means that the entity might not be able to sustain itself within the next twelve months. The opinion would contain a statement such as: "These conditions raise substantial doubt about its [the entity's] ability to continue as a going concern. Management's plans in regard to these matters are also described in Note (X)".

2. Do the notes to the financial statements or management letters disclose potential financial problems at the organization (e.g., pending lawsuits, outstanding judgments, major loans to or from officers, etc.)?

Yes____ No____ COMMENTS

3. Other factors of audit risk assessment (entity-specific):

Subrecipient classification:

Low Risk: _____

High Risk: _____ **Identify and list actions to be taken to mitigate risk** (e.g. more frequent progress reports, on-site monitoring at scheduled intervals, complete documentation of every invoice, training for subrecipient staff, withholding cash payments when deficiencies arise and until deficiencies are corrected, procurement review (see endnote), or other actions as appropriate) **and incorporate these requirements in the Subaward agreement as Special Conditions:**

- 1.
- 2.
- 3.

COMPLETED BY: _____

SIGNATURE _____

DATE _____

Endnote: University review of a subrecipient's purchases is allowed under 2 CFR 200.324 and may be a risk mitigation measure that is appropriate to certain subawards. For example, a procurement review may be appropriate when a high-risk subrecipient budgets a large proportion of the subaward for the purchase of equipment or consulting services. The following paraphrases 2 CFR 200.324. (*continued on next page*)

A. The University may request the subrecipient to provide technical specifications on proposed purchases when the University believes it's review is necessary to ensure that the item or service specified is consistent with the sponsor-approved proposal.

B. The University may request the subrecipient to provide the complete procurement documents for review on proposed purchases when:

- 1) The subrecipient's purchasing procedures do not comply with applicable the federal standards,
- 2) The procurement is expected to exceed the current Simplified Acquisition Threshold (i.e. \$150,000 as of March 2016) and
 - a) the procurement is expected to be awarded without competition or to a single bidder or to the non-low bidder, or
 - b) the procurement documents specify a "brand name".
- 3) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

C. The subrecipient is exempt from the review in paragraph B above if the University determines that the subrecipient's procurement system complies with the federal standards, either by reviewing the subrecipient's system or by self-certification from the subrecipient.