

Grants Training

Module 5, Lesson 1



Council on Financial Assistance Reform (COFAR)

FEDERAL GRANTS MANAGEMENT 101

Uniform Guidance Risk Management and Single Audit Lesson 1



Course Overview

- 1** **Lesson 1:**
Review of Risk Posed by Applicants (Pre-Award Risk Assessment)
- 2** **Lesson 2:**
Post-Award Monitoring
- 3** **Lesson 3:**
Single Audit Overview



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Lesson 1:

Review of Risk Posed by Applicants (Pre-Award Risk Assessment)

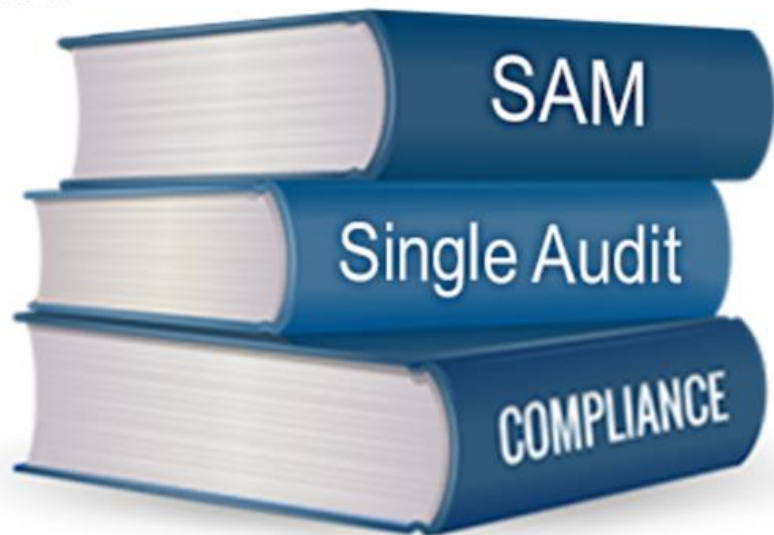
At the completion of this lesson, you will have a basic understanding of how to assess and mitigate risk posed by applicants.





Lesson 1: Review of Risk Posed by Applicants (Pre-Award Risk Assessment)

- 200.205 – Federal Awarding Agency Review of Risk Posed by Applicants
- 200.207 – Specific Conditions





What Do We Mean by Risk Posed by Applicants?

Likelihood that non-Federal entity (NFE) will fail to achieve the grant's intended purpose because of:

- Financial instability
- Non-compliance with laws, regulations, or policies
- Internal control and management issues





§ 200.205: Review of Risk Posed by Applicants

- Prior to making a Federal award
- Must determine NFE's level of risk
 - Review information in OMB-designated repositories of government-wide data
 - Review non-public segment of the OMB-designated integrity and performance system accessible through SAM
 - Establish framework for evaluating risk posed by applicants





Review Information in OMB Repositories of Government-wide Data

- [System for Award Management \(SAM\)](#)
- Past performance data (currently the [Federal Awardee Performance and Integrity Information System](#), FAPIIS) if Federal share expected to exceed the simplified acquisition threshold (FAPIIS and other government-wide systems are migrating to SAM)
- Review must demonstrate:
 - Eligibility qualification
 - Satisfactory record of executing programs or activities under Federal grants, cooperative agreements, or procurement awards
 - Financial integrity and business ethics



SAM Exclusions List

- Identifies entities excluded from:

- Federal contracts
- Certain subcontracts
- Certain types of financial and non-financial assistance

- Search for NFE's by:

- Entity name
- DUNS number
- CAGE code

QUICK SEARCH:

(Example of search term includes the entity's name, etc.)

DUNS Number Search:

CAGE Code Search:

Entity	Status: Active
DUNS:	CAGE Code:
Has Active Exclusion?: No	DoDAAC: <input type="button" value="View Details"/>
<hr/>	
Exclusion	Status: Active
DUNS:	CAGE Code:
Classification: Firm	<input type="button" value="View Details"/>



Past Performance System

Collects contractor and grantee performance information including:

- Terminations for Cause or Default
- Defective Cost and Pricing Data
- Determinations of Non-Responsibility
- Terminations for Material Failure to Comply (grants)
- Recipient Not Qualified Determinations (grants)
- DoD Determination of Contractor Fault
- Administrative Agreements
- Information on Trafficking in Persons
- Subcontractor Payment Issues



Framework for Evaluating Risk

Federal awarding agency may consider any items such as:

- Financial stability
- Quality of management systems and ability to meet the management standards prescribed in 2 CFR 200
- History of performance
 - Timeliness of compliance with applicable reporting requirements
 - Conformance to the terms and conditions of previous Federal awards
 - If applicable, the extent to which any previously awarded amounts will be expended prior to future awards



Framework for Evaluating Risk, cont'd

Federal awarding agency may consider any items such as:

- Reports and findings from audits performed under 2 CFR 200 Subpart F—Audit Requirements or the reports and findings of any other available audits
- Applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on NFEs

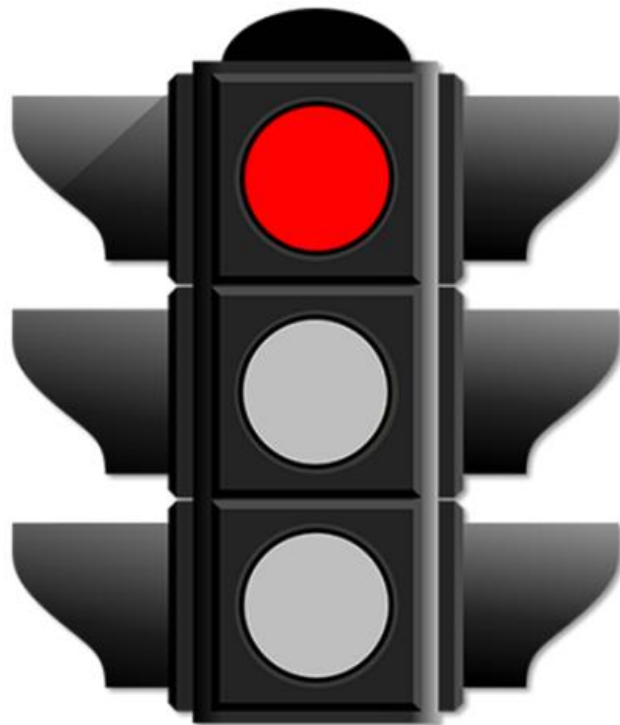




Framework for Evaluating Risk, cont'd

Federal awarding agency must:

- Comply with the guidelines on government-wide suspension and debarment in 2 CFR Part 180
- Require NFEs to comply with provisions that restrict Federal awards, subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal programs or activities





Examples and Resources

Examples

- [EDUC Entity Risk Report](#)
- [DHS Vulnerability Risk Assessment](#)
- [DHS Site Visit Checklists and Guidelines](#)
- [DHS FAPO Risk Assessment Tool Chart](#)

Resources

- [2016 Uniform Guidance: Promising Practices in Implementation: Risk Assessment \(Panel 1\)](#)
- [U.S. Department of Education: Internal Controls](#) (web-based training)



Knowledge Check

What is the purpose of a risk review?

Select all responses that apply.

- Measure the likelihood of a NFE achieving program objectives
- Finalize the budget for an award
- Assess potential non-compliance with laws, regulations, or policies
- Determine the eligibility of a NFE for an award
- Determine if a NFE will not be able to successfully complete an award due to inherent management issues

Submit



Knowledge Check

What is the purpose of a risk review?

- Measure the likelihood of a NFE achieving program objectives
Finalize the budget for an award
- Assess potential non-compliance with laws, regulations, or policies
- Determine the eligibility of a NFE for an award
- Determine if a NFE will not be able to successfully complete an award due to inherent management issues

Incorrect

The purpose of a risk review is to measure the likelihood of a NFE achieving program objectives; assess a NFE's potential compliance with laws, regulations, and policies; determine the eligibility of a NFE for an award; and determine if a NFE will not be able to successfully complete an award due to inherent management issues.

Select Next to Continue.



Knowledge Check

Which of these tasks are required by 2 CFR 200.205 to be included in the review of risk posed by applicants?

Select all responses that apply.

- Review the System for Award Management exclusions list
- Check for tax liens with the IRS
- Establish a framework for evaluating risk posed by applicants
- Check the Federal Awardee Performance and Integrity Information System if Federal share is expected to exceed the simplified acquisition threshold
- Conduct a background check on all staff proposed for the award

Submit



Knowledge Check

Which of these tasks are required by 2 CFR 200.205 to be included in the review of risk posed by applicants?

- Review the System for Award Management exclusions list
Check for tax liens with the IRS
- Establish a framework for evaluating risk posed by applicants
- Check the Federal Awardee Performance and Integrity Information System is Federal share if expected to exceed the simplified acquisition threshold
Conduct a background check on all staff proposed for the award

Incorrect

Section 200.205 requires that all Federal awarding agencies check the System for Award Management exclusions list and also establish a framework for evaluating risk posed by applicants. Federal awarding agencies must also check the Federal Awardee Performance Integrity Information System if the award is expected to exceed the simplified acquisition threshold.

Select Next to Continue.



Risk Review Scenario

An established non-profit created to provide educational intervention services requested funding for an after school program for foster children and other at-risk groups in grades 1-5 under-performing in reading and language skills

What factors might be included in a framework for evaluating risk for applications for this award?



Scenario Risk Evaluation Framework

Financial Stability

- Delinquent debt
- IRS check
- Annual operating budget for previous 3 years
- Relationship of project budget to total operating budget

Organization/Management

- OIG audit
- Single audit history
- History of overdue reports
- Placement on an alternative method of payment due to financial reporting
- Open awards / overlap in periods of performance
- Change in leadership
- Staff turnover



But What If...

- Delinquent debt
- Overlapping periods of performance for existing awards
- History of overdue reports
- Award would be a significant percentage of applicant's operating budget
- Single audit history demonstrates issues with previous awards

Does this make an applicant
ineligible for the award?



Making an Award if Risk Is Identified

- May make an award if findings are not relevant to the current Federal award under consideration
- Can assign specific conditions to the award to mitigate risk





§ 200.207: Specific Conditions

- History of failure to comply with terms and conditions of award
- Performance goals not met
- Applicant or recipient not responsible





Examples of Federal Award Conditions

- (1) Reimbursement vs advanced payment
- (2) Additional and more detailed financial reports
- (3) Authority to proceed only upon acceptable performance
- (4) Additional project monitoring
- (5) Technical or management assistance
- (6) Additional prior approvals





Examples of Federal Award Conditions

- (1) Nature of requirement
- (2) Reason imposed
- (3) Nature of action to remove requirement
- (4) Time allowed to complete condition
- (5) Method for requesting reconsideration





Knowledge Check

A Federal awarding agency must not provide a Federal award to an applicant with single audit findings.

Select the correct response.

- A. True
- B. False

Submit



Knowledge Check

A Federal awarding agency must not provide a Federal award to an applicant with single audit findings.

- A. True
- B. False

Correct!

There are several types of conditions that may be placed on an award to mitigate the risk of an applicant with single audit findings.

Select Next to Continue.



Knowledge Check

A Federal awarding agency may impose additional reporting requirements on a successful applicant (recipient) indefinitely.

Select the correct response.

- A. True
- B. False

Submit



Knowledge Check

A Federal awarding agency may impose additional reporting requirements on a successful applicant (recipient) indefinitely.

- A. True
- B. False

Correct!

A recipient must be notified of the additional requirements and what actions can be taken to remove the requirements.

Select Next to Continue.