

Risk Assessment – ICQ and Programmatic

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Objectives

- Overview requirements to assess risk posed by the applicant (2 CFR 200.205)
- Discuss the intent of Specific Conditions (2 CFR 200.207)
- Highlight the GATA framework for risk assessments
 - Fiscal and Administrative (Internal Control Questionnaires - ICQ)
 - Programmatic

Requirements

The GATA Steering Committee adopted federal Uniform Guidance with minor changes

- Federal awarding agency review of risk posed by applicants -2 CFR 200.205 (c)
 - Financial stability
 - Quality of management systems and ability to meet the management standards prescribed in 2 CFR 200
 - History of performance
 - Reports and findings from audits performed under Subpart F –Audit Requirement of this Part or the reports and findings of any other available audits
- The applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on non-federal entities

GATA Framework

- The same fiscal and administrative controls apply to all programs
- The Fiscal and Administrative risk assessment is centralized and the grantee risk profile is shared with state grant making agencies
 - Internal Control Questionnaire (ICQ) is completed once annually by the grantee through the grantee portal
- Programmatic controls are program-specific
- The Programmatic risk assessment is conducted by the state awarding agency to evaluate applicant's ability to execute the program for which they are applying

Basis for GATA Risk Assessments

Pre-Qualification and Programmatic Risk Subcommittees considered best practices for risk assessment and internal control oversight including:

- 2 CFR 200.62 Internal control over compliance requirements for federal awards
- Audit requirements – avoid findings!
- Financial audits performed in accordance with Government Auditing Standards
- 2 CFR 200 Appendix XI – Compliance Supplement

2 CFR 200.62 Internal control over compliance requirements for federal awards

Grantees must have an implemented process to provide reasonable assurance regarding the achievement of the following objectives:

- Categorized as Fiscal and Administrative (F&A), Programmatic (P) or Both (B)
- Transactions are properly recorded and accounted for, in order to:
 - Permit the preparation of reliable financial statements and State and Federal Pass-through reports (B)
 - Maintain accountability over assets (F&A)
 - Demonstrate compliance with Federal and State statutes, regulations, and the terms and conditions of the grant agreement (B)

2 CFR 200.62 Internal control over compliance requirements for federal awards (cont.)

- Transactions are executed in compliance with:
 - State and federal statutes, regulations, and the terms and conditions of the award that could have a direct and material effect on a grant program (B)
 - Any other statutes and regulations that are identified in the Compliance Supplement (B)
 - Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition(B)

Compliance Supplement – Types of compliance requirements

- A. Activities allowed or unallowed (P)
- B. Allowable costs/cost principles (B)
- C. Cash management (F&A)
- D. Davis Bacon (moved to Wage Rate Requirements Cross-Cutting Section under Uniform Guidance) (P)
- E. Eligibility (P)
- F. Equipment and real property management (B)
- G. Matching, level of effort, earmarking (B)

Compliance Supplement – Types of compliance requirements (cont.)

- H. Period of Performance (B)
- I. Procurement and Suspension and Debarment (B)
- J. Program income (B)
- K. Real property acquisition and relocation (moved to Special Tests and Provisions under Uniform Guidance) (P)
- L. Reporting (B)
- M. Subrecipient monitoring (B)
- N. Special Tests and Provisions (P – additional requirements unique to specific grant; not covered under prior requirement)

Programmatic Risk Assessment Framework

- Limited program experience, protocols and internal controls governing program delivery increase an applicant's programmatic risk profile
- Programmatic risk assessment questions assess the applicant's ability to successfully execute the specified program
- The programmatic risk profile may require additional conditions within the grant award to develop the entity's capacity to deliver and/or administer the grant program

Specific Conditions – 2 CFR 200.207

The Federal awarding agency or pass-through entity must impose additional specific award conditions as needed, under the following circumstances:

- Based on the criteria set forth in 2 CFR 200.205 Federal awarding agency review of risk posed by applicants
- When an applicant or recipient has a history of failure to comply with the general or specific terms and conditions of a Federal award
- When an applicant or recipient fails to meet expected performance goals as described in 2 CFR 200.210 Information contained in a Federal award
- When an applicant or recipient is not otherwise responsible

Specific Conditions – 2 CFR 200.207 (cont.)

These additional award conditions must include items such as the following:

- Requiring additional project monitoring
- Requiring technical or management assistance
- Establishing additional prior approvals
- Requiring additional, more detailed financial reports
- Requiring payments as reimbursements rather than advance payments
- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance

Specific Conditions – 2 CFR 200.207 (cont.)

The awarding agency must notify the applicant as to:

- The nature of the additional requirements
- The reason why the additional requirements are being imposed
- The nature of the action needed to remove the additional requirement, if applicable
- The time allowed for completing the actions if applicable, and
- The method for requesting reconsideration of the additional requirements imposed

Specific Conditions are included in the NOSA

Specific Conditions – 2 CFR 200.207 (cont.)

- Any specific conditions must be promptly removed once the conditions that prompted them have been corrected
- Removal of select specific conditions may require oversight to ensure new policies have been fully implemented and are operating as intended
- Additional state agency training will be provided to support the application and removal of specific conditions

Risk Assessments Inform the Grant Making Process

- Risk assessments and subsequent risk profiles inform the agency and protect state assets
- Risk assessments are a mandatory, up-front requirement for all grant awards
- Patterns and trends in risk assessment will influence GATA and agency-specific grantee training, technical assistance, and the scope of grantee monitoring plans

Risk Assessments Build Grantee Capacity

- Results of the risk assessments do not preclude entities from becoming grantees
- Risk profiles will proactively guide the grant monitoring requirements and specific conditions
- The risk profile establishes a blueprint for grantees to meet minimum compliance requirements and increase grant administration capacity
- Agencies will utilize risk profiles to control against fraud, waste and abuse

**Risk Assessments Educate the Agency and the Grantee
and Promote Proactive Grant Management and Monitoring**

Questions?

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