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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