GRANTEE MONITORING RISK ASSESSMENT
Instructions for Completing the Risk Assessment Worksheet

Purpose of the Risk Assessment

MDHHS is responsible for monitoring its grantees to ensure that they perform the obligations of their grant awards. The risk assessment tool will provide you a means to allocate your limited resources to the monitoring of grantees that most likely require the most attention. Risk assessments are required by 2 CFR 200.331(b) for subrecipients.

Risk Assessment Worksheet

1. The worksheet has two tabs (Risk Assessment and Risk Definitions). You will use only the Risk Assessment tab to complete the assessment.

2. Include every grantee on the worksheet.

3. The worksheet contains 12 columns to be completed for each grantee.

4. Columns A-C must be populated with the following basic information:

    A. Grantee Name
    B. Grant Award Number
    C. Grant Award Amount

5. Columns D-L are the factors that will be used to calculate risk.

    D. Total Dollar Amount
        The preparer will establish the thresholds for each option (small, medium, large) based on the amounts of their assigned grant awards. The total maximum amount of the grant award should be used.

    E. Previous Grant Experience
        Intended to capture a grantee's previous experience with administering programs. Because programs have specific requirements that are unique, a grantee who has not administered these types of programs in the past may be considered to have a higher risk of noncompliance than a grantee who does have experience.

    F. Financial and Compliance Monitoring
        Grantees subjected to a monitoring or audit by MDHHS or accounting firm (such as a single audit) will typically have a lower risk than those who have not had a review. Based on the type and depth of the review or audit, you will assign the appropriate risk score from one of the three options provided.

G. Frequent Turnover of Key Staff

   Frequent turnover of staff can potentially lead to noncompliance with grant award requirements because of inexperience and loss of knowledge. You may or may not have knowledge of staff turnover so you will respond yes or no accordingly.

H. Other Issues of Noncompliance

   Through interactions with the grantees you become aware of issues that could cause an increased risk of the agency failing to comply with the terms and conditions of its grant award with MDHHS. If you are aware of any concerns respond with yes and retain documentation to support your concerns of potential noncompliance.

I. Financial Management Problems or Issues

   Examples of financial problems or issues may be risk of insolvency, poor financial management practices, late or incorrect expenditure reports for the grant award, etc. You may become aware of these issues through a financial audit performed by an independent accountant or through MDHHS monitoring activities. You will indicate yes to the risk factor if you are aware of any known issues or problems.

J. Significant Findings or Questioned Costs

   Audit findings and questioned costs in the grantee's audit report related to MDHHS funded programs puts the entity at higher risk. You will indicate yes if the grantee's audit report has findings and questioned costs related to MDHHS funded contracts.

K. Recurring or Unresolved Issues

   Recurring or unresolved issues puts an agency at higher risk because it may not be willing or able to implement actions to correct the area of noncompliance or risk. You will indicate yes if you are aware of any recurring or unresolved issues.

L. Programmatic Noncompliance

   Grantees who have not complied with MDHHS programmatic requirements in the past should be considered a higher risk. Examples of programmatic issues could be failure to comply with case record requirements, failure to comply with program standards of promptness, determining program eligibility incorrectly, etc.

6. The definitions for columns D-L are also contained in the worksheet and may be accessed by clicking on the column title, or hovering over the title.

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7. Simply click on the selected choice for each factor. The choice will be highlighted. Column M is the Total Risk Score which will be automatically calculated based on the information entered in columns D-L.

8. You will complete a row for each grantee funded by the program.

Assessing Risk

1. After you have completed the risk assessment worksheet you will see a range of scores in Column M for each grantee.

2. Based on the total risk scores, you will establish your strata for high, moderate, and low risk. There is no standard for determining a strata of high, moderate, or low risk.

3. Assign the high, moderate, and low risk categories to the grantee based on your strata established in step 2.

4. Allocate monitoring resources accordingly, spending more resources with the high risk agencies, fewer resources with the moderate risk agencies, and even fewer resources with the low risk agencies. Develop a monitoring plan that shows the monitoring activities to be performed for each grantee.

5. Certain monitoring items are required for all agencies regardless of the risk assessment results. And, in some cases, a program may have specific established monitoring requirements that must be performed regardless of the risk assessment results.

6. Reevaluate the risk if circumstances change that you believe will impact the initial risk ranking. For example, it comes to your attention that a grantee is experiencing frequent staff turnover that you had not previously considered in your risk assessment, modify the risk assessment as needed.