



## **POLICY AND PROCEDURE NOTICE: FPPN-018 PRE-AWARD AND ANNUAL RISK ASSESSMENT EVALUATION**

**Summary and Purpose of PPN:** To assist recipient staff in effectively monitoring risks associated with grants made with federal pass-through funds to subrecipients. The focus is to insure that grant programs meet the following requirements: adhere to the guidelines and agreements, remain within budget, carry out the scope of services, and insure that proper internal controls are in place.

### **Authority:**

- 2 CFR 200.205
- 2 CFR 200.331 (b)(c)(d)(e)
- 2 CFR 180

The Uniform Guidance requires Recipients of federal funds who have subrecipients providing services conduct a financial risk assessment of the subrecipients. The pre-award and annual risk assessment is performed by **Fulton County Grant Administration Division (GAD)**.

### **Procedure:**

As a requirement of selection, all proposers and current subrecipients must permit Fulton County and auditors to have access to records and financial statements as necessary for the County to meet its obligations as a pass-through entity to the Federal government as a condition of this award. In addition, Fulton County shall have the right not to pay any invoice or part thereof if not properly supported, or if the costs requested or a part thereof, as determined by the County, are reasonably in excess of the actual stage of completion.

The Ryan White Fiscal Manager for the pre-award and annual risk assessment puts together a packet to include:

1. **Current SAMS Report:** Under 2 CFR 180, the Recipient office must verify that the subrecipient is not under suspension and debarment.
2. **Fulton County Risk Assessment Questionnaire:** Form provided to the subrecipients to fill out and return to the Recipient's office within 10 business days.

- 3. Current Year Audit or Single Audit:** Requested from the subrecipient if a current Audit is not on file with the Recipient's office. To be returned to the Recipient's office within 10 business days.
- 4. Interim Financial Statements:** Requested from the subrecipient interim financial statements generated for their Board or Management to assess their financial condition. To be returned to the Recipient's office within 10 business days.
- 5. Indirect Cost Agreements:** Requested from the subrecipient if applicable. To be returned to the Recipient's office within 10 business days.

Once all the above items are received by the Recipient's office, they are forwarded to GAD for their analysis. GAD turnaround time is approximately 20 business days assuming there is no additional questions needed from the subrecipient. Their report illustrates risk levels as high, medium, or low which helps determine subrecipient-specific monitoring guidelines.

#### **Examination:**

GAD will perform a financial and grant compliance risk assessment of all proposers to assess potential risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward. The risk assessment shall include an evaluation of:

1. The maturity of the proposer's organization;
2. The proposer's prior experience working with Fulton County;
3. The proposer's prior experience with the same or similar subawards;
4. The amount and percentage of proposed subcontract;
5. The results of previous audits including whether or not the proposer receives a Single Audit in accordance with Subpart F-Audit Requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
6. The extent to which the same or similar subaward has been audited as a major program;
7. Whether the proposer has new personnel or new or substantially changed systems;
8. The extent and results of Federal awarding agency monitoring (e.g., if the proposer also receives Federal awards directly from a Federal awarding agency); and
9. The completed Subrecipient Commitment Form

Based on GAD's examination and the assignment of the subrecipient's risk level (high, medium, or low), the Recipient's office along with the guidance of GAD will assess the level of monitoring needed for each individual subrecipient. If a subrecipient is assessed at a high or medium level of risk, GAD and the Recipient office may impose additional conditions to ensure federal funds are effectively being utilized to provide Ryan White services. These additional conditions may include the following based on the subrecipient's financial condition:

- 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;
- Requiring additional, more detailed financial reports
- Requiring additional project monitoring;
- Requiring the subrecipient to obtain technical or management assistance;
- Establishing additional prior approvals.

If GAD and the Recipient office imposes additional conditions to the subaward, we must notify the subrecipient within 20 business days 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.

In addition, depending on the results of the pre-award or annual risk assessment, the Recipient office may also provide the subrecipients with on-site training and technical assistance, or arrange for agreed-upon procedures to monitor the subrecipient financial condition.

If a subrecipient fails to comply with additional conditions or corrective action plans (CAP) put in place, the Recipient office may take one or more of the following actions:

1. Disallow all or part of the cost of the activity or action not in compliance.
2. Wholly or partly suspend or terminate the federal award.
3. Withhold further subaward funding for reimbursement for the project or program.

4. Take other remedies that may be legally available.

**Approved: October 2016**

**Reviewed: April 2021**