



NOAA

March 2020

2020 Financial Assistance Workshop

Risk Assessment & Audit Resolution

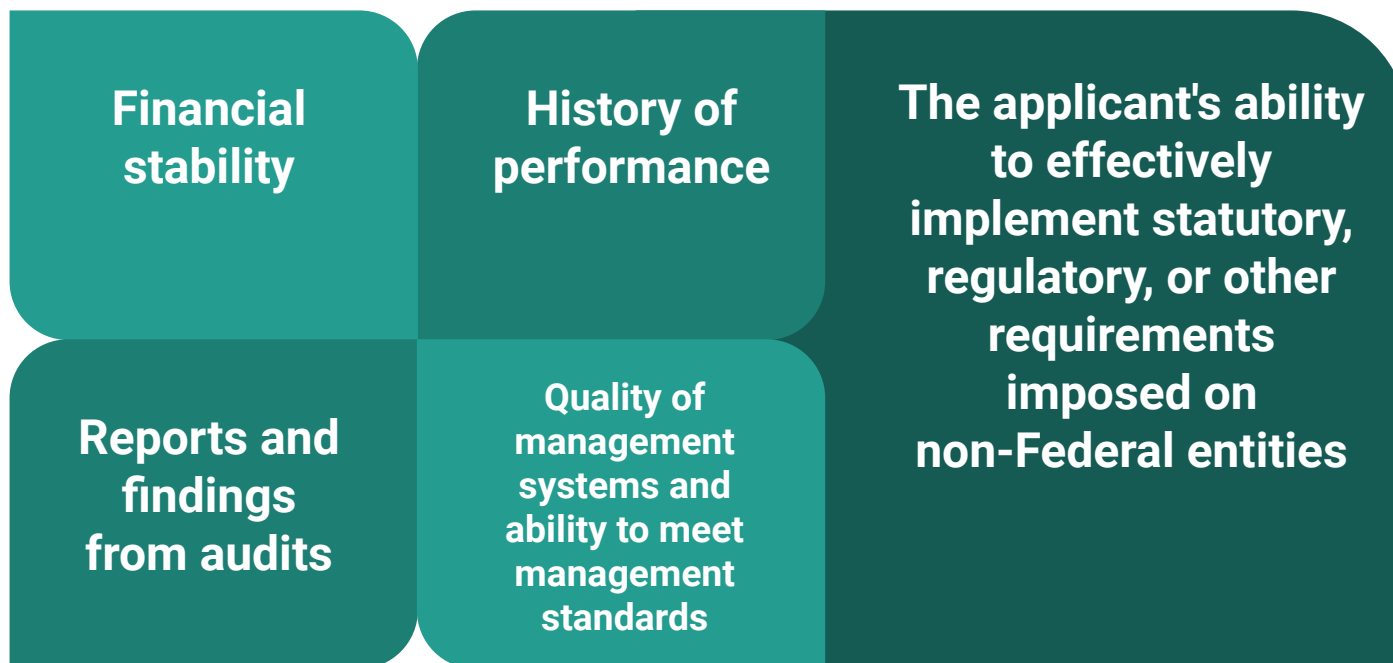
Acquisition and Grants Office
Grants Management Division



What is Risk Assessment?

Risk assessment is an evaluation of the organization's ability to manage Federal funds.

Per §200.205, Federal awarding agencies may use a risk-based approach in evaluating risks and may consider the following:



Risk Assessment Compliance



Risk Assessment: 2 CFR Part 200 - Federal Awarding Agencies

- §200.205 Federal awarding agency review of risk posed by applicants
 - Federal awarding agencies are required to review the Federal Awardee Performance and Integrity Information System (FAPIIS) prior to making a Federal award
 - Applies where the Federal share is expected to exceed the simplified acquisition threshold over the period of performance (presently \$250,000)
- §200.213 Suspension and debarment “...restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.”

Risk Assessment: 2 CFR Part 200 - Pass-Through Entities

- §200.213 Suspension and debarment “...restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.”
- §200.318(h) General procurement standards “...The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources...”

Risk Assessment: 2 CFR Part 200 - Pass-Through Entities (cont.)

- §200.331(b) Requirements for pass-through entities “...Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring...which may include consideration of such factors as:
 1. The subrecipient's prior experience with the same or similar subawards;
 1. The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
 1. Whether the subrecipient has new personnel or new or substantially changed systems; and
 1. The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).



Risk Assessment: DOC Grants Manual



- The Grants Officer is charged with determining whether an applicant is sufficiently responsible to receive Federal financial assistance
- If there are adverse findings, the Grants Officer may:
 - Not make the award → Provide notice of determination; determine whether to report to FAPIIS
 - Delay the award until conditions are corrected
 - Impose additional specific award conditions
- If recipient or key individual association with adverse finding, the Grants Officer may:
 - Require the removal of personnel from association with the management of and/or implementation of the project and require Grants Officer approval of personnel replacements
 - Impose additional specific award conditions
 - Terminate or suspend the award until corrective action has been taken
 - Require the recipient to make other changes, as appropriate



Risk Assessment: NOAA

Federal Awardee Performance and Integrity Information System ([FAPIIS](#))

System Award Management ([SAM](#))

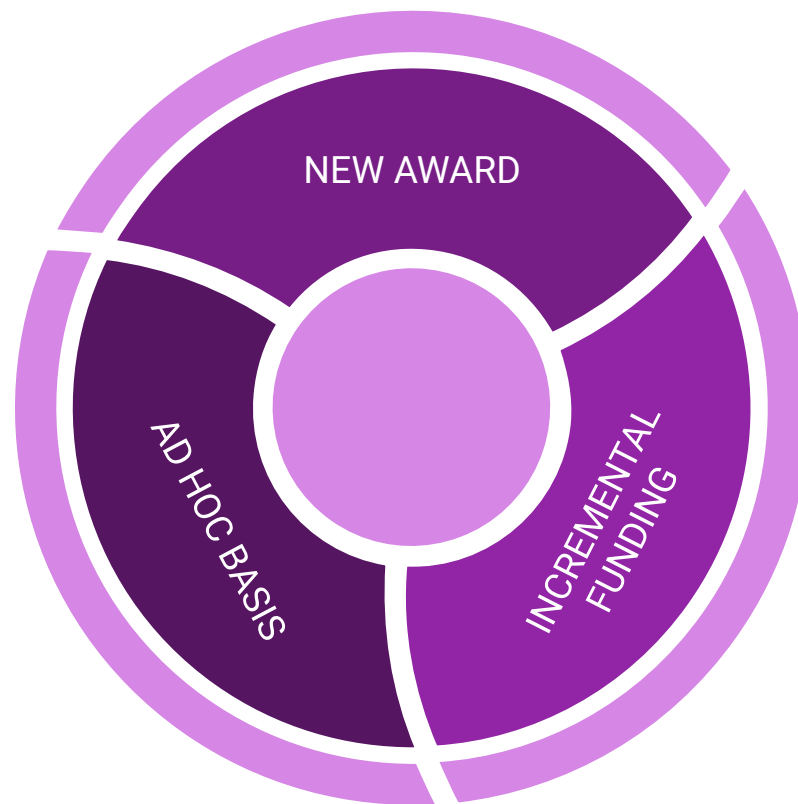
Treasury's Do Not Pay ([DNP](#))

Federal Audit Clearinghouse ([FAC](#))

[Certifications](#) Regarding Federal Felony and Federal Criminal Tax Convictions,
Unpaid Federal Tax Assessments and Delinquent Federal Tax Returns

Past Performance

When to Evaluate Risk





Enforcement Actions






§200.338 Remedies for noncompliance

- Temporarily withhold cash payments
- Disallow all or part of the cost of the activity or action not in compliance
- Wholly or partly suspended or terminate the Federal award
- Initiate suspension or debarment proceedings
- Withhold further Federal awards for the project or program
- Take other remedies that may be legally available





Audits

- Single Audits (2 CFR 200.500)
 - Required for organizations* expending \$750k+ during its fiscal year
 - Corrective Action Plan required if audit findings are present
 - OIG Audits (DAO 213-2 and 213-3)
 - The OIG conducts audit reviews and investigations of non-Federal entities awarded by Commerce bureaus
 - Audit reviews vary widely, sometimes having more than one objective
 - In general, for investigations, the objective is to resolve specific allegations, complaints, or information concerning possible violations of law, regulation, or policy
 - Audit Resolution (DAO-213-5)
 - Standard audit resolution
 - Cooperative audit resolution
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**Different audit requirements apply for for-profit entities, foreign public entities and foreign organizations.*








Federal Audit Clearinghouse (FAC)

- Public repository for Single Audits
- Single audit is required for orgs expending \$750K or more in Federal funds during its fiscal year
- If audit findings are present, applicant must implement a Corrective Action Plan (CAP) and NOAA determines if the corrective action has taken place
- If applicant is 90 Days delinquent in submission of Single Audit, we add a Specific Award Condition to the award
- NOAA has a responsibility to follow-up on Single Audit findings and/or cost questioned, regardless of severity



Single Audit: Common Findings

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- Significant Deficiencies in Internal Controls
 - Inadequate segregation of duties in the procurement and disbursement process
 - Deficiencies in award monitoring and oversight
 - Material Noncompliance with Applicable Federal Regulations
 - Federal funds were used for non-program purposes
 - Sub-Recipient Monitoring – lack of financial and performance monitoring
 - Questioned/Unsupported Costs \geq \$25,000
 - Expenditure of funds for the intended purpose of the project is unsupported, unnecessary or unreasonable
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OIG Audit Reviews and Investigations

- The OIG conducts audit reviews and investigations of non-Federal entities awarded by Commerce bureaus
- Audit reviews vary widely, sometimes having more than one objective
- In general, for investigations, the objective is to resolve specific allegations, complaints, or information concerning possible violations of law, regulation, or policy

Importance of Audit Resolution


- Audit resolution and follow-up – OMB A-50 and DAO 213-5
 - Requirement for resolving audit findings and corrective actions on recommendations contained in audit reports issued by IGs, the GAO and Single Audits
 - Audit resolution is conducted by a designated audit resolution staff member
- What you can do:
 - Be responsive
 - Be proactive in creating and implementing a CAP
 - Document everything
 - Comply with NOAA's audit resolution steps



Audit Resolution Options




Standard Audit Resolution

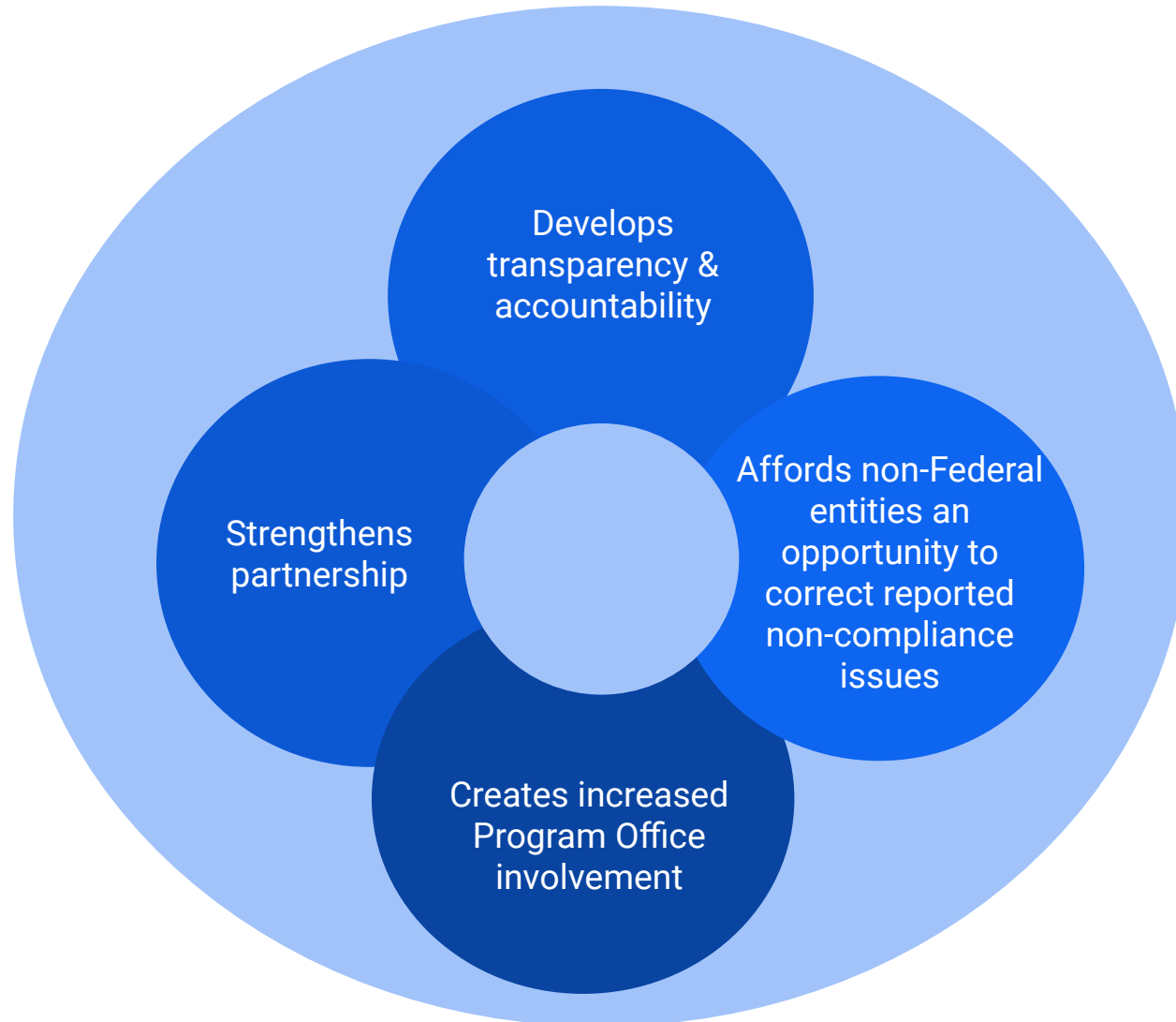
1. Management Decision Letter (30 days)
 2. Review recipient response (30 days)
 3. Audit Resolution Determination letter (30 days)
 4. Recipient option to appeal (30 days)
 5. Final Decision Letter (60 days)
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Cooperative Audit Resolution

1. Initial assessment (10 days)
 2. Review recipient response (30-60 days)
 3. Finalize assessment (5-10 days)
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Audit Resolution Benefits





Quiz - Risk Assessment



True or False:



Risk assessment is an evaluation of the organization's ability to manage Federal funds



Pass-through entities are required to perform risk assessments for subrecipients









Quiz - Risk Assessment



In evaluating risks, Federal awarding agencies may consider the following:

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- a) Financial stability
 - b) Quality of management systems and ability to meet management standards
 - c) History of performance
 - d) Reports and findings from audits
 - e) Applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on non-Federal entities
 - f) All of the above



Quiz - Risk Assessment



Remedies for noncompliance can include which of the following:

- a) Temporarily withhold cash payments
- b) Disallow all or part of the cost of the activity or action not in compliance
- c) Wholly or partly suspended or terminate the Federal award
- d) Initiate suspension or debarment proceedings
- e) Withhold further Federal awards for the project or program
- f) Take other remedies that may be legally available
- g) All of the above



Quiz - Audit Resolution

- Single audits are required for orgs receiving \$\$\$ or more in Federal funds during its fiscal year?
- The public repository for Single Audits is?
- Which of the following are common audit findings:
 - a) Deficiencies in award monitoring and oversight
 - b) Material Noncompliance with Applicable Federal Regulations
 - c) Federal funds used for non-program purposes
 - d) Expenditure of funds for the project is unsupported, unnecessary or unreasonable.
 - e) All of the above



Quiz - Audit Resolution



True or False:



In general an OIG Investigation is conducted to resolve specific allegations, complaints or violation of laws or regulations.



A Corrective Action Plan (CAP) is not required for audit findings.



Questions?

You may also submit questions to
GMD.Services@noaa.gov

Please remember to complete your surveys, and contact your respective Grants Management Specialist with any additional questions.

