



NOAA

April 2021

2021 Financial Assistance Workshop

Risk Assessment & Audit Resolution

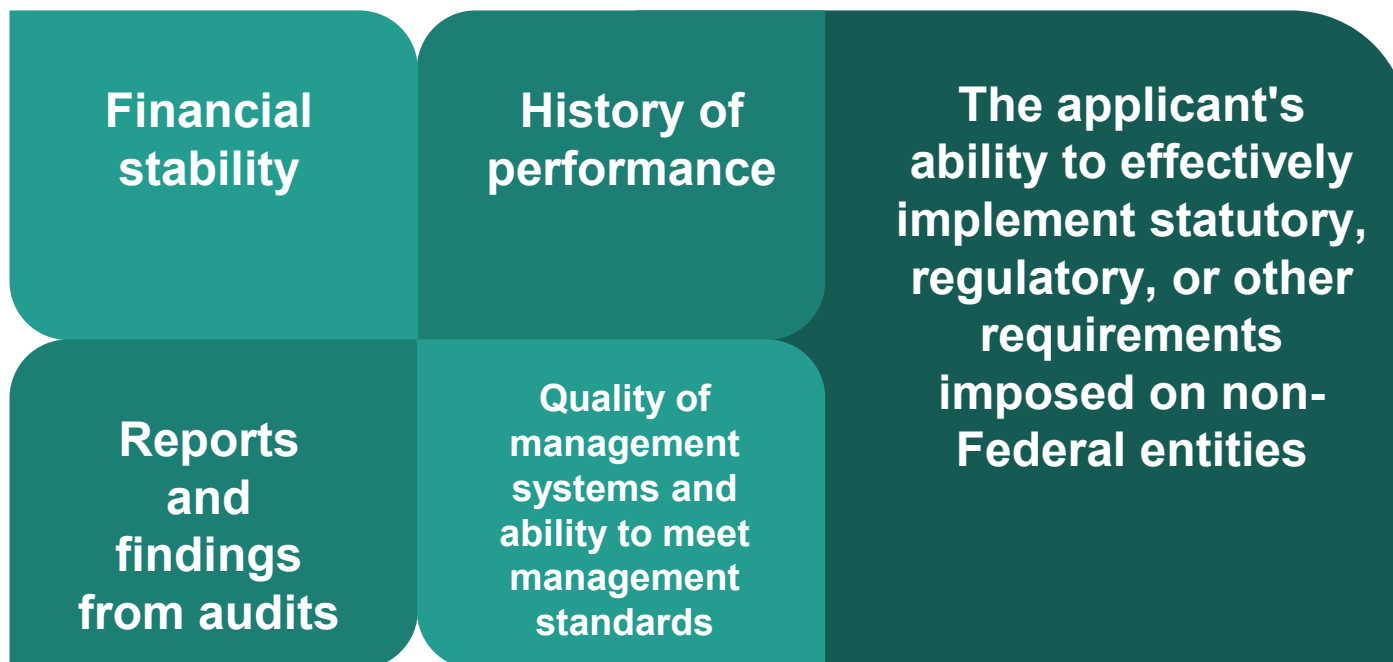
Acquisition and Grants Office
Grants Management Division



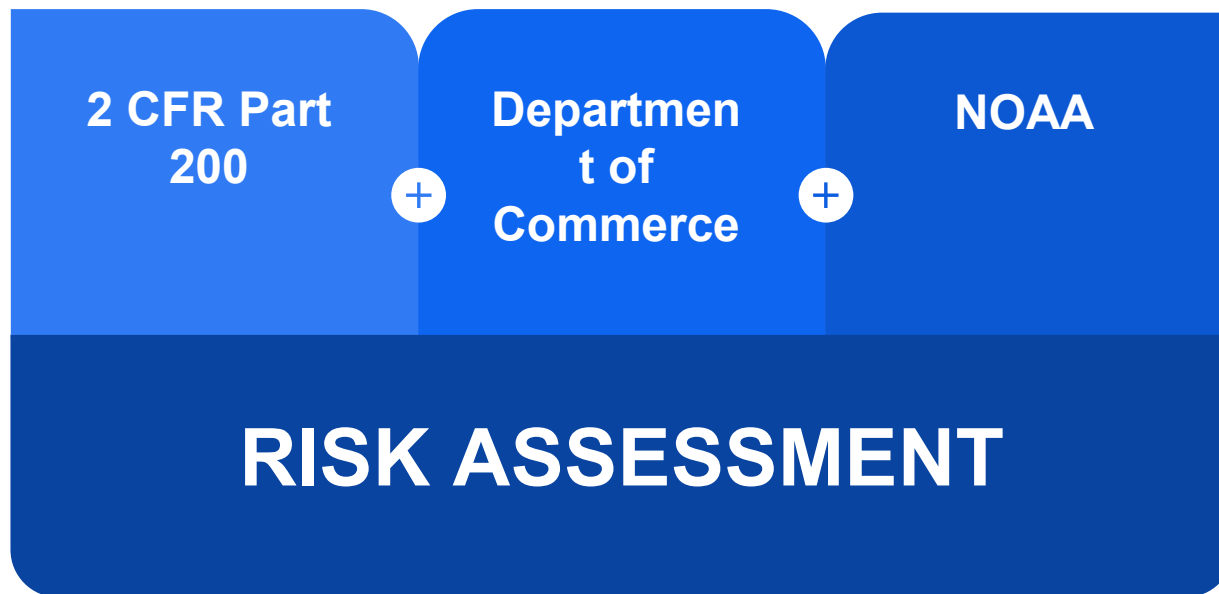
What is Risk Assessment?

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

Per §200.206, 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

- §200.206 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).
 - Federal awarding agencies must comply with the guidelines on governmentwide suspension and debarment...and must require non-Federal entities to comply with these provisions. These provisions restrict Federal awards, subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal programs or activities.

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

- §200.214 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.)

- §200.332 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;
 2. 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;
 3. Whether the subrecipient has new personnel or new or substantially changed systems; and
 4. 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 pre-award, 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 post-award, 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](#))

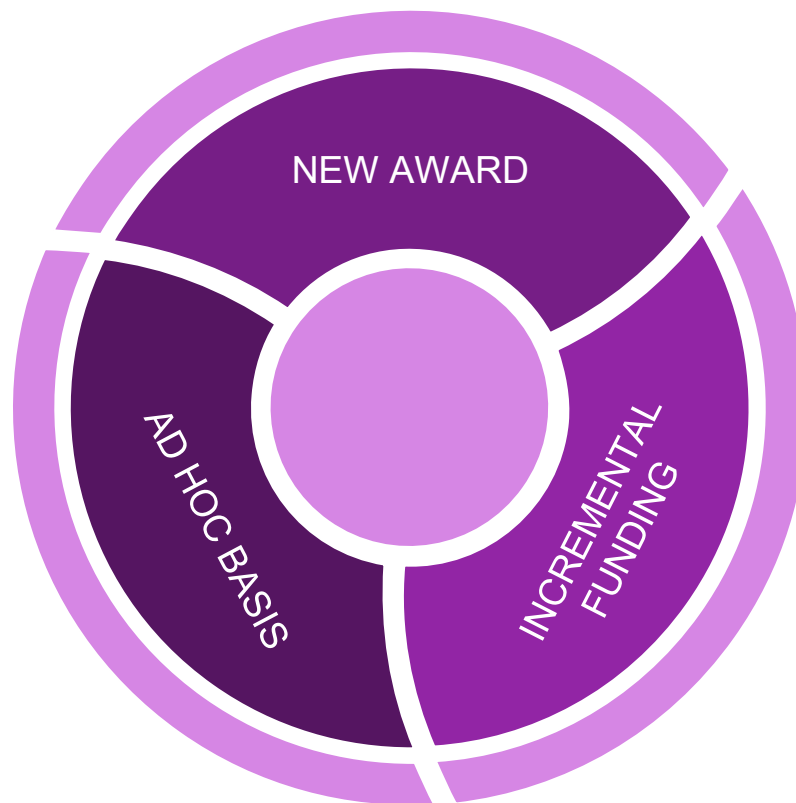
System Award Management ([SAM](#))

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




§200.339 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

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- 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 Investigations and Audits ([DAO 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




**Different audit requirements apply for for-profit entities, foreign public entities, Native American Tribes, 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. However, as of 2020, there are certain flexibilities granted by OMB for recipients affected by the Covid-19 pandemic.
- 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 Audits and Investigations



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Audit Resolution


- Audit resolution and follow-up (OMB A-50; DAO 213-5; 2 CFR 200 Subpart F)
 - Requirement for resolving audit findings and corrective actions on recommendations listed in OIG or Single Audit reports
 - Audit resolution is conducted by a designated audit resolution staff member
- What you can do:
 - Be proactive in creating and implementing a Corrective Action Plan (CAP)
 - Document everything
 - Be responsive
 - Comply with NOAA's audit resolution steps



Audit Resolution Types





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



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.

