

# PRE-QUALIFICATION AND RISK ASSESSMENT



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# Pre-Qualification and Risk Assessment

## Objectives

- ❖ GATA Website
- ❖ Grantee Portal
- ❖ Grantee Registration and Pre-Qualification
- ❖ Financial and Administrative Risk Assessment
- ❖ Programmatic Risk Assessment
- ❖ Specific Conditions





# GATA Website

[www.grants.Illinois.gov](http://www.grants.Illinois.gov)

GATA will have a web presence through a state-hosted website

- ❖ From the website, the user will be able to access the following:
  - Grantee Portal
  - The Catalog of State Financial Assistance (CSFA)
  - Notice of Funding Opportunities
  - Listing of all executed grants
  - State User Log in
    - ✓ State Debarred and Suspended List
    - ✓ Vendor Stop Pay List
    - ✓ Report Interface
    - ✓ Document Upload (NOFO, grant awards, etc.)



# Pre-Qualification Background

- ❖ Pre-Qualification (30 ILCS 708/25 (6)) – The prospective grantee must register on the Grantee Portal for pre-qualification prior to receiving a grant
- ❖ The prospective grantee may submit an application for a grant prior to completing the pre-qualification process but will not be awarded a grant until the pre-qualification process is completed
- ❖ The first year (FY17) the applicant is not prohibited from submitting a grant application prior to the Pre-Qualification. However, starting FY18 the pre-qualification must be completed prior to applying for a grant



# Pre-Qualification Stage One

**To complete the information necessary for Pre-Qualification Stage One, the prospective grantee will need the following information:**

- ❖ Organization name and address including Zip plus 4
- ❖ Federal Employee Identification Number
- ❖ Organization type – Local government, Nonprofit, For Profit, Educational
- ❖ Data Universal Numbering System (DUNS) number;
- ❖ SAM Cage Code number (if organization receives federal funding)
- ❖ Month, date and year organization was founded/incorporated
- ❖ Organization Affiliates (if yes, provide information above for each affiliate)
- ❖ Organization Contact information – name, title, email and phone number



# Pre-Qualification Stage One

**Based on the information provided, pre-qualification verifies and validates if:**

- ❖ DUNS number is current
- ❖ SAM Cage Code is current
- ❖ Fiscal condition of the organization is acceptable
- ❖ Applicant is in good standing with the Secretary of State (SoS)
- ❖ Applicant is not on Illinois Debarred and Suspended List or Stop Payment List
- ❖ Applicant is not on the Federal Excluded Parties List
- ❖ Applicant is not on the Sanctioned Party List maintained by the Illinois Department of Healthcare and Family Services



# Grantee Notification and Remediation

The Grantee will receive one of three notifications:

1. Notification of Non-Qualification - on State Debarred Suspended list or the Federal Excluded Parties list (no remedy available)
2. Notification of Non-Qualification with Remediation – e.g. Stop Pay list, expired DUNS number, Not in Good Standing with SoS, the grantee will be provide with information to remedy
3. Qualified to receive a grant award and will be required to provide additional information in Stage Two of the registration process



# Pre-Qualification – Stage Two

## Grantee Experience:

Based on the level of State or Federal grant administration experience:

- ❖ **Less Than Two Years** Grantee is considered high risk and the fiscal and administrative risk will not be conducted until notified they are a finalist in the grant application evaluation process
- ❖ **More than two years** Grantee will proceed to the fiscal and administrative risk stage
- ❖ **More than 5 years** Grantee will proceed to the fiscal and administrative review; if the grant programs meet the requirements for multi-year awards, the grantee is eligible to receive a multi-year award

# Stage Two – Small Grantee

Provide total revenue in most recent accounting period (Audit or Tax return) from the following sources:

Note: If total funding in Direct Federal, Federal Pass-through or State grants is less than \$20K – No fiscal and administrative risk assessment until notified

Pass Through Federal Grants

**\$7,000**

State Grants

**\$12,000**

Direct Federal Funding

\$0

Other

\$175,000

Total

**\$184,000**

# Financial, Administrative and Programmatic Risk Assessment

## Objectives

- ❖ Requirements for Risk Posed by the Applicant 2 CFR 200.205
- ❖ Specific Conditions 2 CFR 200.207
- ❖ GATA Framework
  - Fiscal and Administrative Risk Assessment
  - Programmatic Risk Assessment





# Financial, Administrative and Programmatic Risk Assessment

## The GATA Steering Committee elected to adopt the 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



# Financial, Administrative and Programmatic Risk Assessment

## §200.207 Specific conditions.

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 §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 §200.210 Information contained in a Federal award
- ❖ When an applicant or recipient is not otherwise responsible

# Financial, Administrative and Programmatic Risk Assessment

## §200.207 Specific conditions (Continued)

These additional Federal award conditions must include items such as the following:

- ❖ Requiring additional project monitoring
- ❖ Requiring technical or management assistance
- ❖ Establishing additional prior approvals



# Financial, Administrative and Programmatic Risk Assessment

## §200.207 Specific conditions (Continued)

These additional Federal award conditions must include items such as the following:

- ❖ 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





# Financial, Administrative and Programmatic Risk Assessment

## §200.207 Specific conditions (Continued)

The Federal awarding agency or pass-through entity must notify the applicant or non-Federal entity 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 impose

# Financial, Administrative and Programmatic Risk Assessment

## §200.207 Specific conditions (Continued)

- ❖ Any specific conditions must be promptly removed once the conditions that prompted them have been corrected
- ❖ **Note:** The specific conditions must be included in the Notice of State Award (NOSA)



# GATA Framework for Risk Assessment

- ❖ Fiscal and Administrative Risk will be performed centrally and the grantee risk profile will be shared with state grant making agencies
- ❖ Programmatic Risk will be conducted in the application process in accordance with the framework
- ❖ Internal Control Questionnaires will collect risk profile data





## *Overview of Steps taken for the preparation of the Internal Control Questionnaire (ICQ)*

- ❖ The Pre-Qualification and Programmatic Risk Subcommittees reviewed many documents for risk assessment and Internal Control and determined the guiding principles:
  - ❖ 2 CFR 200.62 Internal control over compliance requirements for Federal awards
  - ❖ Audit requirements – the end result
    - Financial Audits performed in accordance with Government Auditing Standards
    - Federal Compliance Supplement

# Risk Assessment and Prior Performance

**State Grant Making Agencies will be required to provide information on grantee prior performance including:**

- ❖ Programmatic and Fiscal results vs. goals and objectives
- ❖ Timely reporting – financial, performance, close out, audit reports
- ❖ Prior audit report findings
- ❖ Timely implementation of audit report corrective action
- ❖ Resolution of on-site review issues





## 2 CFR 200.62 Internal Control over Compliance Requirements for Federal awards

Internal control over compliance requirements for State and Federal pass-through awards means a process implemented by an awardee entity designed to provide reasonable assurance regarding the achievement of the following objectives:

- ❖ The following items are marked either Fiscal and Administrative (F&A), Programmatic (P) or Both (B) – which includes both Fiscal and Administrative and Programmatic
- ❖ 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)

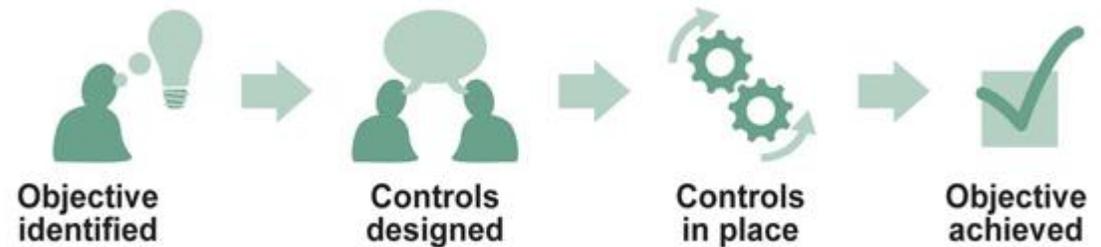


## 2 CFR 200.62 Internal Control over Compliance Requirements for Federal awards

- ❖ Demonstrate compliance with Federal and State statutes, regulations, and the terms and conditions of the grant agreement (B)
- ❖ Transactions are executed in compliance with:
  - State Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a grant program (B)
  - Any other Federal 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

- ❖ Activities allowed or unallowed (P)
- ❖ Allowable costs/cost principles – (B)
- ❖ Cash management - (F&A)
- ❖ Davis Bacon (P)
- ❖ Eligibility – (P)



Source: GAO. | GAO-14-704G

# Compliance Supplement - Types of Compliance Requirements

- ❖ Equipment and real property management (B)
- ❖ Matching, level of effort, earmarking (B)
- ❖ Period of availability of federal funds (B)
- ❖ Program income (B)





# Compliance Supplement - Types of Compliance Requirements

- ❖ Real property acquisition and relocation (moved to Special Tests and Provisions under Uniform Guidance) (P – unique requirement of specific grant)
- ❖ Reporting (B)
- ❖ Subrecipient monitoring – (B)
- ❖ 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



# 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  
for Proactive Grant Management and Monitoring**



# Thank You!

For further information  
contact the Grant  
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