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## MSDE Subrecipient Risk Assessment

**General Overview:** As the State Educational Agency and pass through for federal grant funds, MSDE is under obligation to proactively monitor subawards to ensure compliance with federal and state laws and regulations governing the programs to be administered in accordance with the new Federal Uniform Administrative Requirements 2 CFR §200.331 (d) and (e). An accurate risk assessment of each subaward provides critical information to help ensure the effective delivery of program services. A general risk assessment template was established to provide positive and clear direction for the management of subawards, provide adequate internal controls, and fulfill our responsibilities for the funds entrusted to the Maryland State Department of Education.

**Risk Assessment Indicators:** The definition for each risk factor depends upon a thorough review of programmatic reports, comparison with other aspects of the subaward, and good judgment on the part of the Program Manager. The guidelines provided in the matrix are risk assessment indicators for general grant management and subrecipient risk level classification. Departments may use this matrix, a version of this matrix, or their own unique matrix to identify risk classifications; however, all subrecipients must be classified on the MSDE risk assessment scale of 1-5, with Risk Level 1 being the lowest risk and Risk Level 5 being the highest risk.

There is a strong need to document all subrecipient classifications regardless of which risk assessment matrix departments choose. This explanation needs to be preserved in writing as a defense against adverse audit findings. Risk Level classifications can be changed at any time during grant management or at pre-selected review periods but must be documented accordingly. If you choose to include a subrecipient's risk level as identified by another MSDE department, you must indicate the grant number where the assessment was made in the documentation. The risk level may be used as a part of the matrix when determining awards, but it is not mandatory that it be used as pre-award risk assessment. It is mandatory that risk assessment be used and documented as part of the grant monitoring process.

**Risk Level 1:** The subrecipient follows procedures and regulations with little to no trouble. Standard program management is recommended with no increase in grant monitoring or site visits. (Site visit for New Grantee prior to award, Report Review)

**Risk Level 2:** The subrecipient follows procedures and regulations with only minor infractions. Increased monitoring of the higher risk procedure is recommended.

**Risk Level 3:** The subrecipient follows procedures and regulations with difficulty. Increased monitoring of the subrecipient is recommended.

**Risk Level 4:** The subrecipient does not follow procedures and regulations in many categories. Increased monitoring of the subrecipient is recommended. Special technical assistance and training sessions are recommended. Quarterly risk assessment is recommended. Consider imposing Special Conditions (2 CFR Part 200.207)

**Risk Level 5:** The subrecipient does not follow procedures and regulations in most categories and/or has a documented history of troubled grant management. High level of subrecipient monitoring, special technical assistance, training sessions, and site visits are recommended. Monthly risk assessment is recommended. Consider imposing Special Conditions (2 CFR Part 200.207)

**Instructions**

After rating the risk level in each category, add the total risk points. Divide the sum by the number of risk indicators that you used to identify the subrecipient’s overall risk assessment rating. If the total risk assessment is not a whole number, round to the nearest risk assessment level.

INDICATOR	RISK LEVEL 1	RISK LEVEL 2	RISK LEVEL 3	RISK LEVEL 4	RISK LEVEL 5	Score
<b>New Agency</b>	Organization has prior experience with similar grant program and adhere to all terms and condition of prior grant awards	Organization has prior experience with similar grant program but is still having difficulty and training is needed.	Organization has prior experience with similar grant program but is having difficulty to adhere terms and condition of prior grant awards even after training	Organization is new to grants management system, “on-boarding” training is needed	Organization is new to grants management and is having difficulty with start-up procedures even after training	
<b>High level of complexity in administering the grant</b>	No administrative challenges &/or documented history of complex grants	Minimal administrative challenges &/or documented history of successful management of complex grants	Multiple administrative challenges with the grant funding (e.g., complex allowable activities, cost principles, or accounting requirements)	Multiple administrative challenges with grant funding & documented concern for enough personnel &/or internal controls to carry out the project	Multiple administrative challenges with the grant funding and/or documented history of difficulty understanding administrative requirements	
<b>Application and Award Required Documents</b>	Signed documents are submitted on time	Signed documents are more than 15 days late	Signed documents are more than 30 days late	Signed documents are more than 60 days late	Signed documents are more than 90 days late	
<b>Delayed Implementation</b>	Delay of program activity is less than 30 days	Delay of program activity is more than 30 days	Delay of program activity is more than 45 days	Delay of program activity is more than 60 days	Delay of program activity is more than 90 days <b>Note: challenged by first in/first out &amp; multi-amendments</b>	
<b>Unallowable Actions and Expenditures</b>	No unallowable actions and expenditures			Unallowable expenditures are discovered on invoices.	Unallowable actions (including changes in key	

				(Including overstated expenditures on invoices and/or fraudulent supporting documentation)	personnel w/o approval) may result in disallowed grant funds & closing of subaward	
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**RISK ASSESSMENT MATRIX**

INDICATOR	RISK LEVEL 1	RISK LEVEL 2	RISK LEVEL 3	RISK LEVEL 4	RISK LEVEL 5	Score
<b>Late Reporting</b>	Reports are submitted within due date	Reports are up to 5 days late	Reports are more than 10 days late	Reports are more than 30 days late	Reports are more than 60 days late	
<b>Low Spend-down Rate</b>	No low spend-down rate	Spend-down rate is less than 20% with justification at ½ of grant period	Spend-down rate is less than 35% with justification at ½ of grant period	Spend-down rate is less than 35% without justification at ½ of grant period	Spend-down rate is less than 60% without justification at end of grant period * <b>Varies by grant but appears to be an issue</b>	
<b>Use of Subcontractors Vendors</b>	None	1-3 subcontractors	4-6 subcontractors	7-9 subcontractors	10 or more subcontractors	
<b>Audit Findings</b>	No audit findings or corrective action requested				One or more audit findings or corrective action requested	
<b>Programmatic Change Requests (change in scope of project or objectives)</b>	No request for a change in objectives and/or measurable outcomes		One request for a change in objectives and/or measurable outcomes	More than one request for a change in objectives and/or measurable outcomes	Any request for a change in Scope of Project * <b>Numerous change requests budgetary changes with minimal changes to performance outcomes - alignment may be a stretch</b>	

<b>Program Deliverables (i.e., goals, objectives, and outcomes)</b>	Program goals, objectives, and outcomes are attained	Program goals, objectives, and outcomes are mostly attained	Program goals, objectives, and outcomes are partially attained	Program goals, objectives, and outcomes consistently are delayed without communication	Program goals, objectives, and outcomes consistently are not met	
<b>Change in Management</b>	Stable, experienced key personnel		One request for change in key personnel within the grant cycle		More than one request for change in key personnel within the grant cycle	

INDICATOR	RISK LEVEL 1	RISK LEVEL 2	RISK LEVEL 3	RISK LEVEL 4	RISK LEVEL 5	Score
<b>Management with Previous MSDE Experience</b>	Stable, experienced key personnel in good standing with MSDE		Experienced key personnel with one verified and valid complaint with MSDE departments		Experienced key personnel with more than one verified and valid complaint with MSDE departments	

**Risk Indicator Score =**

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