

## PURPOSE

To ensure:

- ASU subawards are utilized for authorized purposes in compliance with Uniform Guidance (U.G.) 2 CFR 200.
- All subrecipients with active subawards during the fiscal year being reviewed receive a financial risk assessment identifying each as Low or Not Low risk.
- A Management Decision letter is issued within six (6) months of receiving adequate support from the subrecipient, if warranted.

## OVERVIEW

**1 PREPARATION** Prep for review of FAC and FDP websites for single audits and release of subrecipient monitoring emails to subrecipients not subject to single audit.

**2 APPROVAL** The FOT Supervisor, Assistant/Associate Director (AD) or appointee may review and approve the prepared subrecipient monitoring emails prior to their release.

**3 INITIAL REQUEST** Subrecipient monitoring requests are emailed to the subrecipients active in the previous fiscal year whose audits are not available from the Federal Audit Clearinghouse (<https://facweb.census.gov/uploadpdf.aspx>) or Federal Demonstration Partnership (<https://fdpclearinghouse.org/>) websites. This is completed during the second calendar year quarter by the Fiscal Oversight Team (FOT) risk assessment lead (member).

**4 FOLLOW-UP** Follow up with subrecipients begins approximately two weeks after the monitoring letters are initially sent. Generally, a total of three requests will be sent to each subrecipient to solicit responses before default action is taken. Update Point of Contact if needed. Contact [subawards@asu.edu](mailto:subawards@asu.edu) or the AMT GCO if a new contact is needed.

**5 RESPONSES** The [subrecipients@asu.edu](mailto:subrecipients@asu.edu) public mailbox is monitored for receipt of responses from the subrecipients. Subrecipients with single audits without findings are generally assessed as 'Low Risk'. All assessments in progress are reviewed by an FOT member. The file names of the attachments saved should state the source of the attachment (subrecipient's name) and what the attachment is.

**6 FOT ACTION** The FOT member performs a risk assessment for subrecipient responses in the 'In Progress' view. Those deemed 'Low Risk' are closed out as complete. Those deemed 'Not Low Risk' are held "In Progress" for the FOT AD's, Manager's, or designee's further review.

**7 FOT AD** 'Not Low Risk' final assessments are performed by the FOT AD, Manager, or designee in most cases. Mitigation requirements are entered into the subrecipient's ERA MasterStore record.

## 1\_PREPARATION

Review of the Federal Demonstration Partnership website, <https://fdpclearinghouse.org/>, and/or Federal Audit Clearinghouse website, <https://facweb.census.gov/uploadpdf.aspx>, begins annually in **January** for subrecipients subject to single audit.

Preparation of the subrecipient monitoring letters for subrecipients not subject to single audit is completed during the calendar year second quarter by a Fiscal Oversight Team (FOT) member.

1. A draft monitoring email based on the email that was used in the previous year is available at the Fiscal Oversight [SharePoint](#) website. Update the information contained in the letter as needed. Proofread. Provide suggested improvements based on experience and legislative or internal procedural developments.

Work with Susan Stephens on the following three steps:

2. Create a list of the subrecipients with active subawards in the previous fiscal year. This information is available from the Subrecipient Monitoring report at <https://analytics.asu.edu/>, sign in Microsoft Services as faculty/staff (if required) > My Content > Reports > search for Fiscal Oversight Reports (if you get a Tableau sign-in screen just click to sign in, no password is required) > Subrecipient Monitoring tab. On the left side of the screen enter: Subrecipient: All, Contact Type: All, Enter FY Start and End dates, Subaward is in range: Yes, Subject to Single Audit: select 'Yes' to create a list of single audit subs, select 'No' to create a list of subs not subject to single audit who will receive the questionnaire. To download the lists to Excel: select Download > Crosstab.
3. Compare the list from step 2 above to lists pulled from the Federal Audit Clearinghouse (FAC) website, and the FDP Expanded Clearinghouse website (if needed), (see instructions on the websites about how to download the databases). Entities listed on either the FAC or FDP websites should **not** be sent an email or the Annual Subrecipient Certification form unless the single audit report does not contain sufficient information regarding findings and corrective action plans.
4. Utilize Python, Alteryx, Mail Merge, or other appropriate program to create the list of subrecipients not subject to single audit, or who have not had external independent audits, created in the previous step with the draft monitoring email letter. Provide the merged letter to the FOT Supervisor or designee for approval if requested.

## 2\_APPROVAL

The FOT Supervisor or designee may approve the prepared subrecipient monitoring email template before release.

1. Review the draft monitoring email template for any needed changes.

2. Verify all required recipients will be included in the merged file. This information is available from the Subrecipient Monitoring report at <https://analytics.asu.edu> (see section 2 above). Notify the FOT member of the approval of the draft monitoring letter and okay to send.

## 3\_INITIAL REQUEST

The FOT member sends out the approved subrecipient monitoring email letters during the calendar year second quarter.

1. Send out the monitoring letter via email to the required subrecipients using the Python scripts, merged file, or other. Request RTS support only if needed ([RTShelp@asu.edu](mailto:RTShelp@asu.edu)). The emails should be sent **from** [subrecipients@asu.edu](mailto:subrecipients@asu.edu) if possible. Always cc this email address.
2. Update individual records within the appropriate year's ERA MasterStore task for each of the subrecipients included in the current list of subrecipients.

## 4\_FOLLOW-UP

The FOT risk assessment member follows up with the subrecipients about two weeks after the monitoring email letters are initially sent. If no response, the FOT member verifies the point of contact (POC) and follows up with at least one additional request.

1. Use previous correspondence as a guide to follow up with subrecipients. Copy [subrecipients@asu.edu](mailto:subrecipients@asu.edu) on all correspondence.
2. Save all correspondence in the subrecipient's record in the ERA MasterStore. The file names of the attachments saved should state the source of the attachment (subrecipient's name) and what the attachment is. Examples include:
  - FY20XX [Subrecipient Name] Questionnaire OR Certification.pdf/msg
  - FY20XX [Subrecipient Name] Audit.pdf/msg
  - FY20XX [Subrecipient Name] Financial Statements.pdf/msg
  - FY20XX [Subrecipient Name] Request [email date] OR Response [email date].pdf/msg OR Request02, 03, etc./Response02, 03, etc. OR something similar. (It is not necessary to save each email, a thread containing several emails is acceptable.)
  - Include "Follow-up: [date]" note at the top of the "Risk Mitigation comments" field and update it as needed
3. **Note:** Calendar Year audits or financial statements should be used for the corresponding ASU fiscal year, but could be used for ASU's subsequent fiscal year. (Ex: CY2019 audit should be used for ASU FY2019 risk assessment, but may be used for ASU FY2020 risk assessment.)
4. Review the Federal Audit Clearinghouse and Federal Demonstration Partnership websites monthly to search for posting of subrecipient's single audit reports utilizing Alteryx or any other available tool.

## 5\_RESPONSES

The FOT member or designee (such as Student Worker) receives responses from the subrecipients after the email letters are sent. Subrecipients with Single Audits without findings are generally assessed as 'Low Risk'. The FOT member reviews all assessments.

1. Monitor the [subrecipients@asu.edu](mailto:subrecipients@asu.edu) public email box daily for incoming responses to the monitoring letters sent (path: Public Folders > Departments > Research Administration > ORSPA Fiscal Oversight > Subrecipients).
2. Load the response into the ERA MasterStore record.
  - a. Access the appropriate subrecipient's record: My ERA > Maintenance > External Organizations. Subrecipients in "Awaiting Response" or "In Progress" status can be found under the following tabs: My ERA > My Subrecipient Monitoring.
  - b. Filter by Name and select the appropriate subrecipient name. Other filters are available.
  - c. Click on the blue "Edit" link to the left of the ID#.
  - d. Note: much of the ERA form will be read only. Errors to the 'read only' content should be reported to [Hansa.Magee@asu.edu](mailto:Hansa.Magee@asu.edu).
  - e. Scroll to "Contact Info" and click on either the "Add" or "Update" box on the left. Add or update the "Financial Audit Contact" info. Other Contact and Administrative Contact can also be added or updated if needed.
  - f. Scroll down to "Subrecipient Financial Audit and Risk Assessment Data." Click on either the "Add" or "Update" box, this will bring up the "Subrecipient Financial Audit and Risk Assessment Data" screen. To add a new fiscal year click "Add."
  - g. Enter the appropriate 4-digit Fiscal Year.
  - h. Select either "in Progress" or "Awaiting Response" under "Status."
  - i. Under "Single Audit/A133" click "Yes" or "No."
  - j. Enter the finding number(s) and brief description of the finding(s) in the "Audit Findings comments" box for findings that are *directly related to an active subaward(s) with ASU (the CFDA #(s) and subaward #(s) match – these can be found in ERA)*.
  - k. Enter notes in the "Risk Mitigation comments" box.
  - l. Under "Organization Risk Type," most entities subject to single audit or that have independently audited financial statements can be considered low risk; most other entities are considered higher risk.
  - m. Select "Yes" or "No" depending on if an audit report or audited financial statements were received.
  - n. Select "Yes" or "No" depending on if the entity has a Negotiated IDC Agreement (see question #6 of the questionnaire).
  - o. Click on "Date Certification received" and enter the date when all required documentation (certification or questionnaire and financials) was received OR the date the single audit was **accepted** from the Federal Audit Clearinghouse website. **NOTE:** per federal

- government regulations, it is very important to capture the correct date as **any management decision letters must be issued within six months** of acceptance of the audit report by the FAC (2 CFR §200.521); receipt of the completed certification or questionnaire and financials; or, if a new subrecipient, the date FOT receives the request to conduct a risk assessment from PNT containing all required documents.
- p. To add attachments, click on “Add” under “Attachments.” Attach email message as a .msg or PDF. It is important to ensure all relevant attachments contained in the email are captured. The file names of the attachments saved should state the source of the attachment (subrecipient’s name) and what the attachment is. Examples include:
- FY20XX [Subrecipient Name] Questionnaire OR Certification.pdf/msg
  - FY20XX [Subrecipient Name] Audit.pdf/msg
  - FY20XX [Subrecipient Name] Financial Statements.pdf/msg
  - FY20XX [Subrecipient Name] Request [email date] OR Response [email date].pdf/msg OR Request02, 03, etc./Response02, 03, etc. OR something similar that will identify the attachment.
- q. If subrecipient’s financial report is in a foreign language, use a translation tool, such as Google Translate, to translate at least the Auditor’s Report into English. Save the translated document, with the translation source noted, as a pdf and attach it to the subrecipient’s record.
- r. If subrecipient does not provide an audit or financial report or link, check the following websites, verifying the EIN, DUNS, or Unique Entity ID to ensure the correct subrecipient was selected:
- FDP Expanded Clearinghouse website – check this one first to determine if subrecipient is participating:  
<https://fdpclearinghouse.org/>
  - Federal Audit Clearinghouse (FAC) website:  
<https://facweb.census.gov/uploadpdf.aspx>
  - Guidestar (setting up log-in is required) and/or Charity Navigator websites if subrecipient is a nonprofit:  
[www.guidestar.org](http://www.guidestar.org) , [www.charitynavigator.org/](http://www.charitynavigator.org/)
  - U.S. Securities & Exchange Commission website if a publicly traded corporation:  
[www.sec.gov/](http://www.sec.gov/)
  - Contact subrecipient’s financial POC (point of contact) if no audit or financials can be located
- s. Check SAM.GOV to ensure subrecipient is not suspended or debarred and has a current registration (creating an account at SAM.GOV (it’s free) will allow greater entity visibility)
- t. **IMPORTANT:** In order to save the information entered, the “OK” button on the bottom of the “Subrecipient Financial Audit and Risk Assessment Data” screen **and** the “OK” button on the bottom of the subrecipient’s main screen must be clicked (click “OK” twice.) If just reviewing information and not making any changes, close (X) out of the screens.

- u. Completing the risk assessment record:
  - For Single Audit – No Findings
    - Click on “Risk Assessment” and select “Low Risk”
    - In the “Risk Mitigation comments” field enter a note similar to the following:  
“[mm/dd/yy, initials]: Single Audit has been obtained. Ready for review.”
    - Add/Update contact information, if needed; however, contacts generally are not needed for subrecipient’s subject to single audit
    - Scroll to the bottom and select “OK.” Then click “OK” again on the subrecipient’s main screen
  - For Single Audit with Findings
    - In the “Risk Mitigation comments” field enter a note similar to the following:  
“[mm/dd/yy, initials]: Single Audit has been obtained. Ready for review.”
    - Scroll to the bottom and select “OK”
    - Add/Update contact information, if needed (not required); click “OK” again (OK must be clicked twice in order to save all changes)
  - For Single Audit Incomplete
    - Status should remain “Awaiting Response”
    - In the “Risk Mitigation comments” field enter a note similar to the following:  
“[mm/dd/yy, initials]: Received Certification and subrecipient has not completed their Single Audit for FY20xx. Subrecipient expects their Single Audit to be completed by [insert date]”. OR: “Subrecipient’s FYxx Single Audit is not yet posted to the FAC website. Subrecipient was previously assessed as [low/not low] risk.”
    - Add “Follow-up [date]” note at the top of the “Risk Mitigation comments” field
    - Click “OK” at the bottom of screen
    - Add/Update contact information, if needed; click “OK” again
  - For Single Audit Exempt
    - In the “Risk Mitigation comments” field enter a note similar to the following:  
“[mm/dd/yy, initials]: Received Internal Control Certification questionnaire and subrecipient is not subject to Single Audit due to [Include the reason the entity gave for being exempt from Single Audit on the questionnaire]. Review required.” Subrecipient was previously assessed as [low/not low] risk.”
    - Click “OK” at the bottom of the screen
    - Add/Update contact information, if needed; click “OK” again
  - For No Response
    - If not Single Audit exempt, check FAC and FDP websites for audit report:  
<https://facweb.census.gov/uploadpdf.aspx>, <https://fdpclearinghouse.org/>

- If single audit report is located, conduct initial assessment based on report. Enter a note similar to the following in the “Risk Mitigation comments” field:  
“[mm/dd/yy, initials]: No response, however, located and reviewed subrecipient’s FY20xx single audit report on the [Federal Audit Clearinghouse / Federal Demonstration Partnership] website. Ready for review.”
- If a nonprofit, check the Guidestar and/or Charity Navigator websites for appropriate fiscal year IRS Form 990 or information: [www.guidestar.org](http://www.guidestar.org), <https://www.charitynavigator.org/>. Review the 990 as it contains financial statement information. If 990 or other financial information is located, save and attach it to the record and enter a note similar to the following in the “Risk Mitigation comments” field: “[mm/dd/yy, initials]: No response, however, located and reviewed subrecipient’s IRS Form 990 at [[www.guidestar.org](http://www.guidestar.org) / [www.charitynavigator.org/](https://www.charitynavigator.org/)] website. Ready for review.”
- If a publicly traded corporation, check the U.S. Securities & Exchange Commission website for subrecipient’s current 10-K report: [www.sec.gov/](http://www.sec.gov/). If found, save and attach it, review the 10-K report financial information, and enter a note similar to the following in the “Risk Mitigation comments” field: “[mm/dd/yy or yyyy initials]: “No response, however, located and reviewed subrecipient’s 10-K report at [www.sec.gov/](http://www.sec.gov/) website. Ready for review.”
- If no audit report is located, click on “Risk Mitigation comments” field and enter a note similar to the following: “[mm/dd/yy, initials]: Closed due to no response. Subrecipient is assessed as Not Low Risk.” See “For Non-Responses” in section 6 below for additional details.
- Scroll to bottom and select “OK,” then “OK” again on the main screen
- v. If subrecipient is new, the FOT Member review should include:
  - Review of audit report or financial statements
  - Review of Subrecipient Commitment Form, especially noting the debarment/suspension, Conflict of Interest, and Fiscal Responsibility section responses
  - Determination of maturity of subrecipient (if not noted on forms received, do a web search for subrecipient’s website); subrecipients in business less than 10 years are considered not mature

## 6\_FOT MEMBER ACTION

The FOT member (risk assessment lead) performs an assessment of risk for all subrecipients. Those deemed ‘Low Risk’ are closed out as complete. Those deemed ‘Not Low Risk’ are held for the FOT AD, Manager, or designee for further review. To see a list of all subrecipients in “Awaiting Response” or “In Progress” status go to My ERA > My Subrecipient Monitoring. All completed assessments will be found in My ERA > Maintenance > External Organizations.

## *For subrecipients with no Findings*

1. Double check single audit report to ensure subrecipient qualified as a low-risk auditee. If designated as not qualifying as a low-risk auditee, investigate the reason why. The subrecipient may still be low risk for the purpose of this risk assessment process.
2. In the “Risk Mitigation comments” field, add a note similar to the following: [mm/dd/yy initials]: [Notes regarding review of single audit.] Subrecipient was previously assessed as [low/not low] risk (if this note was not already included during the initial review process above). Subrecipient has been identified as Low Risk. No additional approval or risk mitigation are needed.

Note: when a subrecipient is included in a State or other combined audit and there were no findings pertaining specifically to the subrecipient, the subrecipient is considered to have no findings even if other State entities had findings.

## *For subrecipients with Findings*

1. FOT member reviews the Single Audit Certification (if applicable) and Single Audit Report and all findings. Include all findings **relevant to the subaward with ASU** (CFDA # and subaward # match – see ERA Subawards or Awards) in the ERA Field: “Audit Findings comments.”
2. Include a risk statement in the ERA field “Risk Mitigation comments.” The statement should describe the perceived risk in detail. The notes should be similar to: “[mm/dd/yy initials]: [Notes regarding review of single audit.] Subrecipient was previously assessed as [low/not low] risk. Subrecipient has been identified as Low Risk. No additional approval or risk mitigation are needed. OR: Subrecipient has been identified as Not Low Risk. Additional review is needed.”
3. FOT member will then, as applicable, check relevant boxes in the ERA field “Standard Risk Mitigation Options.”
4. Use the “Financial Audit Risk Assessment” box to assess “Low Risk” or “Not Low Risk” based on a review of all available information.
5. Close out ‘Low Risk’ assessments by entering the date completed in the “Date Completed” field.
6. If the risk has been identified as ‘Not Low,’ leave the “Status” as “In Progress” and do not complete the “Date Completed” field. The FOT AD, Manager, or designee will review the notes and risk mitigation option(s) selected, if the task meets the requirements noted in 2.b. below. Select the “Subrecipient Monitoring Concerns” button in the Watch Flag field on the home page.
7. If the risk assessment is ‘Not Low’ but meets the requirements of section 2.c. below, an FOT AD, Manager, or designee can complete the second review as long as he/she did not complete the first review.

## *For Single Audit Exempt Responses*

1. If the subrecipient is not subject to the Single Audit requirement, they must complete the annual questionnaire supplied in the initial mailing. Most questions should be answered affirmatively to qualify as an ASU subrecipient. Any non-affirmative questionnaire answer (except #19) is researched by the FOT member to determine impact. A copy of the subrecipient's financial statements (audited or not) is also required.

If the subrecipient requests a Non-Disclosure Agreement (**NDA**), email the ORSPA Contracts Office (PNT) at [ProposalandNegotiation@asu.edu](mailto:ProposalandNegotiation@asu.edu) to secure one/determine if one should be granted.

If a subrecipient refuses to provide financials and the subaward agreement is federally funded, send an email to the subrecipient's point of contact stating subrecipients are required to comply with Uniform Guidance §200.332(a)(5).

2. If the subrecipient notes they are not subject to Single Audit because they are a nonprofit or foreign entity, respond back to the POC or signer of the questionnaire to inform him/her that, per U.S. government Uniform Guidance §200.332(a)(5), being a nonprofit or foreign entity is no longer a valid reason for not having a Single Audit completed.
3. The FOT member will then complete the fields in the appropriate ERA record. Assessing the risk as 'Low' or 'Not Low' will be based on a review of the documentation provided, the maturity of the entity, any conflict of interest (COI), debarment/suspension, and prior experience with ASU combined with reviewer's professional judgment.
  - a. If the risk has been identified as 'Low' then no additional review or approval is required and the following ERA fields are to be completed by the FOT member:
    - i. Complete the "Audit Findings comments" and "Risk Mitigation comments" fields as noted previously
    - ii. Select name from the "Reviewer(s)" field
    - iii. "Date Completed" = date 'Low Risk' assessment is completed by FOT
  - b. If the risk has been identified as 'Not Low', the task will be reviewed by the FOT AD, Manager, or designee who will review the notes and risk mitigation option(s) selected. The FOT AD/mgr./designee will enter his/her notes, including a note regarding if he/she concurs with the Not Low Risk assessment; sign as second reviewer, and select the Subrecipient Monitoring Concerns button in the Watch Flag field (if not already selected). Click "OK" twice. **Note:** it may be necessary to alert the FOT AD by email of the pending NLR assessment awaiting review.
  - c. If the risk has been identified as 'Not Low' and the determination is made that a Management Decision letter is needed, the FOT AD/mgr./designee will prepare the letter. The FOT AD will review and sign the letter within the required six-month time frame.

- d. If the risk was identified as 'Not Low' but the project has ended, do not assign to FOT AD/mgr./designee. Add a note similar to this in the "Risk Mitigation comments" field: [date, initials]: "The project has ended. No further action is needed." Select the Subrecipient Monitoring Concerns button in the Watch Flag field. Click "OK" twice.

### ***For Non-Responses***

1. The FOT member will enter a note similar to the following in the "Risk Mitigation comments" field: [date, initials]: "No response. Do not move forward with issuing subaward agreements or modifications until single audit or financial information and/or questionnaire is obtained. Not Low Risk."
2. Select "Not Low Risk" in the "Risk Assessment" box.
3. Insert the date in the "Date Completed" field. Click "OK".
4. Select Subrecipient Monitoring Concerns in the Watch Flag field. Click "OK" a second time.
5. If the subaward is still active, email [Subawards@asu.edu](mailto:Subawards@asu.edu) to notify the Subawards Team that subrecipient is non-responsive.

### ***For New Awards***

- The fiscal year of the risk assessment should be assigned based on the year of the audit/ financial statements reviewed. For example, if a subaward is new in FY2020 but only FY2019 financial statements are available for review – the review should be assigned to FY2019. However, after the previous fiscal year assessments are closed (determined by FOT member – usually around October), reviews should only be conducted for the fiscal year being reviewed.
- If a new subrecipient refuses to provide financials, email [Kristy.Macdonald@asu.edu](mailto:Kristy.Macdonald@asu.edu) (Assistant Director, Proposals & Negotiations) asking how to proceed. Attach Kristy's response to the subrecipient's record in ERA.

### ***For Consortium Agreements***

- Consortium agreements are unique and do not require risk assessments as they are not standard subawards.

### ***To Update the List of Reviewers***

- Send an email to [ERA@asu.edu](mailto:ERA@asu.edu) with a list of the individuals to be added to or deleted from the User Role Maintenance spreadsheet (Reviewer(s) List – section 15).

### *For Missing Records in ERA*

- Email the following information to OKED Data Management at [OKEDdataManagement@exchange.asu.edu](mailto:OKEDdataManagement@exchange.asu.edu) requesting they add a “New OEO ERA Master Store”:

Sponsor FULL Name	
Sponsor Acronym	
Street Address/P.O. Box	
City, State, Postal Code	
Country	
Website Address	
DUNS Number or Unique Entity ID Number (if available)	

### *If Six-month Deadline is Missed*

- If a Management Decision Letter is required but was not completed within six months of receiving the certification/questionnaire and audit/financial information (if required), or if no Management Decision Letter is required but the 180 deadline is missed, thoroughly document the reason for missing the deadline in the “Risk Mitigation comments” field. Include in the note that a Management Decision letter was not required.

### *Considerations That May Change a Risk Assessment*

- While each year’s risk assessment can stand on its own, some factors that may result in a subrecipient’s risk assessment being changed from Not Low Risk to Low Risk include:
  - Previous audit issues have been resolved
  - Previous unaudited financial statements are now audited and include an auditor’s report
  - History as a subrecipient with ASU

If the current subaward agreement should be updated to reflect a status change, email [subawards@asu.edu](mailto:subawards@asu.edu) with the updated status

- Some factors that may result in a subrecipient being changed from Low Risk to Not Low Risk include:
  - New audit findings that pertain to, or could impact, a subaward with ASU
  - Going concern issues due to one or more poor financial performances
  - Issues involving invoicing or other issues as notified by AMT, PNT, or CMTEmail [subawards@asu.edu](mailto:subawards@asu.edu) to notify the Subawards Team of the status change as the subaward agreement may need updated

## 7\_FOT Assistant/Associate Director (AD) or FOT Manager/Designee

**Not Low risk** assessments meeting the requirements noted in **Section 6, For Subrecipients with Findings, #6** (page 8), or **For Single Audit Exempt Responses, #3.b.** (page 9), may be performed by the FOT AD or Manager/Designee. Once the FOT AD/Mgr./designee has received notification of a subrecipient having been identified as 'Not Low' risk, he/she will examine the following:

- a. Single Audit Subrecipients:
  - Findings Summary by Number
  - Risks identified referencing finding numbers
  - Risk Mitigation Options
  - Risk Assessment
  - Notes
  - Attachments included (e.g., audit, audit letter, response(s), etc.)
- b. Single Audit Exempt Subrecipients:
  - Risk Mitigation Options
  - Risk Assessment
  - Notes
  - Attachments included (e.g., external independent audit, audit letter, response(s), financials, etc.)

After review of the subrecipient's ERA task, the FOT AD or Mgr./designee will determine what further action may be necessary.

- c. If the FOT AD or Mgr./designee concurs with 'Not Low' risk rating, then:
  - i. In ERA MasterStore
    - a. Change the Status (section 2) as appropriate
    - b. Enter a note in the Risk Mitigation comments field (section 6) indicating whether concurring or not with the risk assessment and why
    - c. Enter the date the review was completed by the FOT AD in the "Date Completed" field (section 13)
    - d. Digitally sign under "Secondary Reviewer Assigned" (section 15); click "OK"
    - e. If not already completed, select Subrecipient Monitoring Concerns in the Watch Flag field on the subrecipient's home page; click "OK" a second time
  - ii. Notify PI/RA/PNT or AMT member of assessment via email, if appropriate.
    - a. Consider including the following in the email: "This is a Not Low Risk subrecipient because it is [reason: i.e., small company, has no audit/financials, etc.]. You are already requiring [supporting documents with invoices, etc. OR subaward agreement is already fixed price]. This appears adequate to mitigate risk. Since your department is responsible for the risk, are you comfortable with the additional risk? Are you receiving the required reports?"

- b. An email to the PNT POC inquiring about what risk mitigation steps will be taken and asking if the team member would like the FOT AD or Mgr./designee to contact the PI is sufficient. The email response from the PNT POC should be attached to the subrecipient's ERA task. It is expected the PNT/AMT/Subawards team member will follow up with the department and/or PI as needed.
- iii. FOT AD or designee prepares a **Management Decision letter** and coordinates notifying subrecipient with the Subawards team members. The management decision letter will include the following:
  - a. The nature of the additional requirements
  - b. The reason why the additional requirements are being imposed
  - c. The nature of the action needed to remove the additional requirement, if applicable
  - d. The time allowed for completing the actions, if applicable; and/or
  - e. The method for requesting reconsideration of the additional requirements imposed
  - f. Schedule a meeting, as needed, with PNT Subaward Lead (include PNT AD as needed) to determine appropriate additional monitoring actions, if any

**NOTE:** As noted previously, the Management Decision letter must be sent to subrecipient within 6 months of acceptance of single audit report by the FAC (per U.G. 200.521) or receipt of questionnaire and financials.
- d. If the FOT AD or Mgr./designee does not concur with risk rating, he/she should modify the ERA record, including a note stating the reason for the change, and finalize the review and approval process as deemed appropriate.

The decisions, and the actions these create, are saved in the subrecipient's ERA record. An AD/Mgr./designee's decision requiring further documentation to support costs is also applicable to third party cost share documentation.

### **Examples of Risk Mitigation Options**

In instances where subrecipients have defined a Corrective Action Plan it should be reviewed to determine whether the corrective action will sufficiently mitigate risk. If so, the risk level can be considered 'Low' or 'Not Low,' and a review of the next annual Single Audit Report will be done to determine if findings have been corrected. If the findings have not been corrected, additional language may be added to the subaward to reduce risk to ASU. Risk must be identified on a case-by-case basis. Additional language to be incorporated into the subaward agreement special terms and conditions section may be as follows:

#### **For subcontracts with 'Not Low' risk subrecipients:**

*If due to technical-related risks:*

- Specified frequency for technical reports, e.g., monthly or quarterly instead of standard "as may be necessary to meet" prime agency reporting requirements; and/or

- Extra contact between the PI and subrecipient's PI, including periodic site visits; and/or
- Tie receipt of technical reports to payments; and/or
- Withholding authority to proceed to the next phase of scope of work until receipt of evidence of acceptable performance of current phase of scope of work; and/or
- Requiring the subrecipient to obtain technical or management assistance; and/or
- Establish additional prior approval requirements; and/or
- Add more stringent termination or stop-work language for failure to comply with requirements; and/or
- Review for cancellation

*If due to financial-related risks:*

- Specify minimum frequency for invoicing, e.g., at least quarterly (rather than standard "not more often than monthly"); and/or
- Require claimed cost amounts be supported by general ledger report transaction line-item detail (i.e., similar to ASU's Workday Budget to Actuals-Grant report or 611E Advantage Web Report); and/or
- Require expenditure source documentation for specified types of costs. Examples could include: (1) expenditure support for travel costs; (2) information on salary amounts by individual per invoice period; or (3) information on equipment purchases, such as vendor, amount and name of equipment; and/or
- Establish additional prior approval requirements; and/or
- Change from cost-reimbursement invoices to fixed price milestone/deliverable invoicing upon completion of specified tasks; and/or
- Review for cancellation

Note: As staffing and workloads permit, an FOT or AMT member will review invoice expenditure support for 'Not Low Risk' subrecipients. The sample frequency will depend on type of entity, total dollar value of subcontract, and length of project. The Expenditure Monitoring Team may also take on this review.