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	PREPARED BY: Shyla Lang	APPROVED BY:
DOCUMENT TITLE: Subaward Risk Assessment and Mitigation Job Aid	DEPARTMENT: Subawards	EFFECTIVE DATE: [Pick the date]

Purpose

This document defines processes that ensure the following:

1. Subrecipient risk has been assessed before issuing a new subaward or subaward modification.
2. Appropriate risk mitigation strategies are implemented, as needed.

Scope

The scope includes


- Process Initiated by Subawards Team, completed by Fiscal Oversight Team (FOT)
- FOT Risk Assessment Document Location ERA, subrecipient profile, subaward documents
- Timing When issuing new subaward or subaward modification
- Documentation Referenced in “References/Related Documents” section below

Definitions

Terms unique to this process or procedure

- Risk Assessment Activity performed by FOT to determine subrecipient risk as either “Low” or “Not Low” risk, based on financial information provided by the subrecipient
- Low Risk No risk mitigation required
- Not Low Risk Risk mitigation required
- Risk Mitigation Practices to reduce the risk of working with a subrecipient, such as requiring supporting documentation with invoices or issuing a fixed price subagreement (may vary, determined by FOT)

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Responsibilities

- Subrecipient
 Completes the Subrecipient Commitment Form/Letter of Commitment, responds to FOT with additional documents, as needed

- Subawards GCO
 Reviews profile for current risk assessment, requests a risk assessment from FOT for new subrecipients, requests an updated audit if there is no current audit

- FOT
 Completes subrecipient risk assessment, uploads results to ERA, notifies subawards GCO that risk assessment has been completed

Requirements / Steps

The requirements or steps to implement changes and perform specific tasks

1. Determining if risk assessment is needed

- The subawards GCO determines if a risk assessment is needed by reviewing the subrecipient profile in ERA.
- Click on the “Subrecipient” link in the task.

AWD00035300 Active
 FP00014667_Res1 Awarded

Date Created:	9/3/2020 5:55 PM
Created by:	System Administrator
Last Modified:	10/26/2020 7:51 AM
Subrecipient:	University of Arizona, S-001481
Subrecipient Contact:	Paul Sandoval 520-626-6000 sponsor@email.arizona.edu
Subrecipient PI:	Russell Witte

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EFFECTIVE DATE:
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- Review “Subrecipient Financial Audit and Risk Assessment Data.”

Date Modified:

9/23/2020

Subrecipient Financial Audit and Risk Assessment Data:

+ Add					
	Fiscal Year	Status	Risk Assessment	Date All Documents Received	Last Modified
View	2019	Complete - Findings	Low	3/31/2020	9/24/2020
View	2018	Complete - Findings	Low	3/29/2019	7/23/2019
View	2017	Complete - Findings	Low	3/30/2018	8/15/2018
View	2016	Complete - No Findings	Low	6/30/2017	9/15/2017

- A risk assessment for the previous year is ideal, but we can accept one from two years ago.
- For example, if the current year is 2020, we will accept a risk assessment for Fiscal Year 2018 up until October of 2020, unless FOT instructs us otherwise.

2. Requesting a risk assessment from FOT

- If the Subrecipient is new to ASU, no risk assessments will be listed, and the subawards GCO must request a risk assessment from FOT. To do so, send an email to Subrecipients@asu.edu, and include the Subrecipient Commitment Form.
 - If the subrecipient has already provided their Annual Subrecipient Certification, send that to FOT as well.
 - If the Subrecipient Commitment Form states that the Subrecipient is not subject to the Single Audit, the subawards GCO can request the Annual Subrecipient Certification form and financial statements directly from the subrecipient to send to Subrecipients@asu.edu.
- If there is no current risk assessment, send an email to Subrecipients@asu.edu to request that FOT complete one for the most recent fiscal year reviewed.
- FOT will complete the assessment, notify the subawards GCO that it has been completed, and share the determination of “Low” or “Not Low” risk.

3. Implementing risk mitigation

- If “Not Low” risk has been determined by FOT, the subawards GCO will implement risk mitigation options as suggested by FOT.

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- Select "View" next to the current fiscal year to review audit information.

Subrecipient Financial Audit and Risk Assessment Data:

+ Add					
	Fiscal Year	Status	Risk Assessment	Date All Documents Received	Last Modified
View	2019	Complete - Single Audit Exempt	Not Low	10/22/2020	10/23/2020
View	2018	Complete - Single Audit Exempt	Not Low	9/4/2019	2/10/2020

- Review "Risk Mitigation comments" and "Standard Risk Mitigation Options."

6. Risk Mitigation comments:

10/23/20 SM: Reviewed financials and concur with continuing Not Low Risk assessment. Attached risk mitigation email - agreement is fixed price in order to mitigate risk.

10/23/20 SS: Received completed certification and financial statements. Uploaded documents. Reviewed certification questionnaire. Subrecipient is not subject to single audit, because it is a for-profit entity. Subrecipient answered NO to questions 1 (audited financials), 6 (F&A), established COI policy. Subrecipient answered NA to questions 9-11, 16, and 18. All other responses were favorable. No audited financial statements were provided. Reviewed financial statements that were provided. Balance sheet reports negative equity, but most liabilities are due to owners. There is sufficient cash to cover payables to outside entities. Subrecipient reported a small net loss for FY2019.


7. Standard Risk Mitigation Options:

- Add more stringent terminations or stop-work language for failure to comply with requirements
- Additional Supporting documentation
- Change from cost-reimbursement invoices to fixed price milestone/deliverable invoicing upon completion of specified dates
- Change to Fixed-Price Contract
- Establish additional prior approval requirements
- Establish a specified frequency for technical reports, e.g., monthly or quarterly instead of standard "as may be necessary to meet" prime agency reporting requirements
- Require and document extra contact between the PI and Subrecipient's PI, including periodic site visits
- Require the Subrecipient to obtain technical or management assistance
- Specify a minimum frequency for invoicing, e.g., at least quarterly (rather than standard "not more often than monthly")
- Tie payment of invoices to receipt of technical reports
- Withhold 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

- Include the selected risk mitigation options in subaward agreements for cost reimbursable subawards, as needed, based on guidance from FOT, discussion with PI, and consultation with Subawards Team Lead.
- Fixed price subawards generally do not need additional mitigation as they already require specific payment/deliverables.

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References / Related Documents

[Subrecipient Commitment Form](#)

[Annual Subrecipient Certification](#)

[Subrecipient Letter of Commitment](#)

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