

Exhibit 02 (relates to current section 3b of policy and will also include the final risk assessment form)

Uniform Guidance – Required Subrecipient Risk Assessment by Pass-Through Entities

§200.331 Requirements for pass-through entities.

All pass-through entities must:

Note: See Exhibit 02 for section (a) – elements to be included in the subaward.

(b) 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 described in paragraph (e) of this section, 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).

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.207 Specific conditions.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and programmatic reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing subrecipients with training and technical assistance on program-related matters; and

(2) Performing on-site reviews of the subrecipient's program operations;

(3) Arranging for agreed-upon-procedures engagements as described in § 200.425 Audit services.

(f) Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this Part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in § 200.338 Remedies for noncompliance of this Part and in program regulations.



Subrecipient Risk Assessment for New Subrecipients

How to use: The following criteria indicate those subrecipients that have higher risk. If a subrecipient meets any of the following criteria, they require the monitoring plan specified for higher risk subrecipients.

Category	Higher Risk
1. Foreign vs. Domestic	International location (not including Canada or US territories).
2. Facilities and Infrastructure	Subrecipient's lab resources are inadequate; Facilities are "virtual facilities;" Work occurs in remote, inaccessible location that experiences extended or frequent unexpected power outages that impede communication in a non-English speaking environment.
3. Maturity of Organization	Start up or no prior experience with similar subawards.No fiscal controls in place yet or substantially changed systems.
4. Amount of Award Subcontracted	Funding level >\$500K or >49% of award
5. Accounting/Procurement Systems	One or more of the following: 1) No systems in place; 2) Systems are new; 3) No Uniform Guidance single audit.
6. Audit Restrictions	Subrecipient places restriction on auditors.
7. Export Control	Organization or project involves export controlled products/people/activity.
8. Cost Sharing	Subrecipient has committed to fund project costs not paid by the UT subaward.