



PRE-AWARD RISK ASSESSMENT POLICY/PROCEDURE

Status: Draft

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Approved by:

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Reviewed Dates:

Last Reviewed By:

POLICY:

The department evaluates each subrecipient's risk for the purpose of determining appropriate monitoring. Risk determination will be made prior to making awards. Subrecipient entities applying for a grant agreement complete a Pre-Award Risk Assessment (PARA) survey prior to receiving an award. The Subrecipient PARA is completed each State Fiscal Year that the entity is applying for or receiving a new subaward. An internal Subaward PARA is completed and reviewed for each new subaward. Risk level is a factor that shall be considered when determining subawards issued by the department. The department may provide the risk level to boards and committees for their consideration when determining awards. DWS reserves the right to disqualify high risk applicants from receiving a subaward.

REFERENCE:

2 CFR §200.331 & 332 (Uniform Guidance)

DEFINITIONS:

1. **Agreement:** For purposes of this policy, an agreement is a written document that defines the terms of a DWS award to a subrecipient.
2. **Centralized Repository:** The identified location for contract documents to be stored, as determined by the department. The storage location is located on the I: drive or WebGrants.
3. **Contract Owner:** DWS personnel responsible for ensuring the agreement or contract is in compliance with requirements and that performance expectations are being achieved.
4. **Contract:** For purposes of this policy, a contract is a written document that defines the terms of a DWS award to a contractor.
5. **Contractor:** An entity that receives a contract for the purpose of providing goods and/or services to DWS for use by DWS, creating a procurement relationship with DWS. A contractor is **NOT** a subrecipient.
6. **Fiscal Grant Manager:** DWS personnel responsible for ensuring the agreement or contract is in compliance with fiscal requirements.
7. **Grant:** Funding awarded to an entity to carry out a specific program or activity.

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8. **Monitoring Activities:** Any activity or review that is designed to ensure the agreement is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the agreement, and that agreement performance goals are achieved.
 9. **PARA Log:** A record of PARA risk levels which includes a list of entities, last date of assessment, subawards, scores and risk levels. The PARA log is maintained by the Risk Assessment Team and stored in a centralized location.
 10. **Risk Assessment Team:** Personnel responsible for assigning risk to Subrecipients and Subawards.
 11. **Subaward:** Funding provided to a subrecipient to carry out activities as part of a federal award. A subaward does not include payments to a contractor or benefits provided directly to an individual who is eligible to receive assistance from a federal program. For purposes of this policy, a subaward is referred to as an agreement.
 12. **Subaward Pre-Award Risk Assessment (PARA):** Risk assessment completed by the Contract Owner for each new award.
 13. **Subrecipient:** An entity to which an agreement is awarded by DWS to carry out a portion of a Federal Program. For purposes of this policy, a State agency or component unit of the State that receives a subaward from DWS is also considered a subrecipient. All public colleges and universities, including the applied technology colleges, are component units of the State. A subrecipient is **NOT** a contractor.
 14. **Subrecipient Pre-Award Risk Assessment (PARA):** Risk Assessment completed by the subrecipient for each new award.

PROCEDURES:

1. Subrecipient/Contractor Determination

- A. Prior to awarding a federally-funded agreement or contract, the Contract Owner completes a Contractor/Subrecipient Determination form and forwards the completed form to the Fiscal Grant Manager for review and approval. A memorandum of understanding (MOU), agreement, or contract that does not involve the exchange of funds is excluded from this requirement. In instances where a state-funded agreement or contract is issued for the purposes of meeting federal matching and/or maintenance of effort requirements, the entity should be treated as a subrecipient for purposes of this policy.
 - a. The Subrecipient/Contractor Determination form is included with the Contract Request Form.

2. Pre-Award Risk Assessment and Scoring

- A. Contract Owner checks the PARA Log to see if the Subrecipient PARA has been completed within a year of the new agreement start date.
 - a. The PARA Log is located at:
<https://app.smartsheet.com/b/home?lx=bvS1aplhaGKH0mnOQrtkJO>
 - b. For access to the PARA Log, email DWS_PARA@utah.gov.
- B. If a Subrecipient PARA has not been completed within a year of the new agreement start date, the Contract Owner sends the Subrecipient PARA to the entity for completion.
 - a. Subrecipient PARA is not required for:

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- i. State agencies and component units
 - C. Once the Subrecipient PARA is complete, submit to DWS_PARA@utah.gov.
 - a. The subrecipient is assigned a risk level based on the review, validation and potential adjusted score of the subrecipient.
 - ii. Scores are weighted based on risk associated with each question.
 - b. Subrecipients who have not received federal funds from DWS within the past 3 years are considered high risk.
 - D. For each new subaward, the Contract Owner completes the Subaward PARA by gathering information from current and previous Contract Owners and Fiscal Grant Managers. The Subaward PARA is submitted to DWS_PARA@utah.gov.
 - a. Subaward is considered low risk if the subaward is \$20,000 or less and has no other unusual factors.
 - E. Risk level of the Subrecipient PARA and Subaward PARA are determined by Risk Assessment Team and is documented in the PARA Log.
 - F. Contract Owner and Fiscal Grant Manager refer to the PARA Log for the subaward risk level. Monitoring is based on subaward risk level, in accordance with the Subrecipient Monitoring Procedure.

NOTE: Subrecipient PARA and Subaward PARA must be submitted in the original Excel format.

3. Change of Risk Level:

As a result of monitoring, if the Contract Owner or Fiscal Grant Manager feels a change in risk for subrecipient or subaward may be appropriate they may submit a Risk Level Change form to DWS_PARA@utah.gov. The Risk Assessment Team determines if a change in risk level is necessary. All changes are documented in the PARA Log and notification is sent to all associated Contract Owner(s) and Fiscal Grant Manager(s).

4. Quality Control:

Information self-reported by subrecipients is verified for accuracy as considered appropriate by the Risk Assessment Team. To ensure reliability of the process, the Division Director or designee managing the Risk Assessment Team, conducts quality control of PARA reviews as considered necessary.