

**MN Office of Justice Programs      Final Risk Level:**  
**Pre-Award Risk Assessment**  
**Short-term Coronavirus Relief Fund Grants**  
 August 2020

This assessment ensures compliance with MN Office of Grants Management policy 08-06 and the Federal Office of Management and Budget (OMB) Uniform Guidance (200.331(b)) which require that we conduct a financial review and evaluate each subrecipient’s (grantee) risk of non-compliance (statute/regulations/terms of award) for purposes of monitoring. This form will be filled out prior to final execution of any grant award to determine the risk level of the recipient. The final risk level helps determine the amount and type of grant monitoring to be conducted.

Grantee name: \_\_\_\_\_ Amount of grant: \$ \_\_\_\_\_

Review conducted by OJP Staff: \_\_\_\_\_

Date of assessment: \_\_\_\_\_

CRITERIA	LOW	HIGH
<p><b>A. <u>Administrative Capacity:</u></b> Review the Organizational Financial Information form in the application to complete this section.                      Select specific description and then select Low or High in the boxes on the right.</p> <p><b>Low:</b></p> <p>Previous grantee with no financial, programmatic, or administrative issues. (If Organizational Financial Information form indicates they’ve been a previous grantee, review closeout form in grants)</p> <p>Current grantee with no financial, programmatic, or administrative issues that could affect ability to implement this grant, as identified by current OJP grant manager.</p> <p>New OJP applicant with satisfactory responses on Organizational Financial Information Form.</p> <p><b>High:</b></p> <p>Previous grantee with some financial, programmatic, or administrative concerns noted on closeout form in e-grants.</p> <p>Current grantee with financial, programmatic, or administrative concerns that could affect ability to implement this grant, as identified by current OJP grant manager.</p> <p>New OJP applicant with unsatisfactory responses on Organizational Financial Information form in application.</p> <p><b>NOTES:</b></p>		

	LOW	HIGH
<p><b>B. <u>Financial Review:</u></b></p> <p><b>IRS Form 990 – year(s):</b>  For NGO with total annual <u>revenue</u> of \$50,000 - \$750,000.  <i>Describe any red flags:</i></p> <p><b>Certified Financial Audit – year(s): _____</b>  <u>Required</u> for agencies with total annual <u>revenue</u> over \$750,000, but with federal fund expenditures less than \$750,000. Review the Management Letter.  Findings: Yes _____ No _____  <i>Describe any findings or red flags:</i></p> <p><b>Single audit – year(s): _____</b>  <u>Required</u> for agencies that <u>spend \$750,000 or more in Federal funds</u> during their Fiscal year. Review copy of Management Letter.  Findings: Yes _____ No _____  <i>Describe any findings or red flags:</i></p> <p><b>DOES</b> audit include significant findings or material weaknesses (as stated in the report)?</p> <p><b>If so</b>, request a copy of the corrective action plan.</p> <p><b>Confirmed</b> that agency has submitted audit to Federal Audit Clearinghouse (FAC)</p> <p><b>For agencies with annual revenue under \$50,000: <u>Board-reviewed</u> internal financial statements, including:</b></p> <ol style="list-style-type: none"> <li>Statement of Financial Position (also known as a Balance Sheet)</li> <li>Statement of Activity (also known as an Income and Expense Statement)</li> </ol> <p><b>Low:</b> Audit/990 reviewed with no issues identified  No operating deficit and/or no unrestricted net asset deficit  None or minimal audit findings</p> <p><b>High:</b> Audit/990 reviewed with some red flags identified  Documents never submitted or other concerns about financial stability  Significant operating deficit  Audit includes material weaknesses or significant findings</p> <p><b>NOTES:</b></p>		

**Things to look for in a financial review to help determine financial stability of the organization**

What is a “Significant Operating Deficit” and how do I find out if an organization has one? (MN policy 08-06)

- An operating deficit occurs when total actual expenditures exceed total actual income during a fiscal year.

- Your professional judgment should be used to determine whether the deficit is significant.

*What is an "Unrestricted Net Asset Deficit" and how do I find out if an organization has one? (MN policy 08-06)*

- Restricted net assets are assets that cannot be readily used to pay expenditures. They have strings attached to them that dictate how and when they may be used.
- Unrestricted net assets are assets, such as cash or short-term investments readily converted to cash, which can be used without restriction. In other words, these are assets that can be used to pay the bills and keep the organization stable.
- Again, your professional judgment should be used to determine whether the deficit is significant, but it is important to note that deficits in unrestricted net assets are of more importance/concern than operating deficits.

*Audit findings (Federal CFR 200.331)*

- Review for significant findings and whether the Corrective Action Plan is in place.

**NOTE:**

**Conducting this risk assessment meets State and Federal requirements. Due to the short duration of these grants, grant payments will only be made upon receipt of acceptable source documents. This meets the requirement of conducting financial desk reviews and minimizes risk of unallowable use of funds.**

**Grants receiving a high score in either the administrative capacity or financial review section will receive site visits within the first two weeks of the beginning of the grant and source documentation will receive extra scrutiny.**

EXAMPLE