

## Department of the Interior Acquisition, Assistance, and Asset Policy (DOI-AAAP)

<b>Title</b>	Financial Assistance Pre-Award Risk Assessment and Post-Award Monitoring
<b>Reference Number</b>	0068
<b>Version Number</b>	01
<b>Function(s)</b>	Financial Assistance
<b>Point of Contact</b>	Maribel Langas Miller
<b>Source of this Requirement</b>	<a href="#">2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</a>
<b>Regulatory Reference</b>	<a href="#">2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</a>

### Version Detail

This section is completed in the following situations: (1) policies issued with versions greater than 01 or (2) the initial use of the DOI-AAAP to convert previous DOI Acquisition Policy Releases (DIAPR), DOI Property Policy Releases (DIPPR), or DOI Guidance (DIG) Releases.

Version Number	Date	Author	Description of update
00	9/26/2013	Anita Hairston	Original document, <a href="#">DIG 2011-03, Amendment 1, Financial Assistance Monitoring Protocol</a>
01	08/17/2016	Maribel Langas Miller	Rescinds DIG 2011-03, Amendment 1 and updates and consolidates all previous information on this topic

### Purpose:

This document establishes Department of the Interior policy to implement requirements provided in [2 CFR 200.205\(b\), Federal Awarding Agency Review of Risk Posed by Applicants](#), before awarding a grant or cooperative agreement to a financial assistance recipient. In addition, this document rescinds and replaces [DIG 2011-03, Amendment 1, Financial Assistance Monitoring Protocol](#).

### Scope:

This policy applies to all applicants selected to receive a grant or cooperative agreement award.

### Effective date:

This policy is effective upon signature. Bureaus and offices must provide the Office of Acquisition and Property Management with a plan for implementing this policy by November 1, 2016.

### Background:

This policy replaces the Department of the Interior Guidance Release (DIG) 2011-03, Amendment 1, "Financial Assistance Monitoring Protocol," and addresses pre-award risk assessment and post-award monitoring requirements.

**Action:**

Bureaus and offices must establish policies and procedures to complete the actions described below.

1. Submit any bureau- and office-specific Financial Assistance Risk Assessment Checklist, Financial Capability Questionnaire, or additional documentation requirements to be imposed on applicants to support pre-award risk assessment to the Deputy Director, Office of Acquisition and Property Management for review and approval prior to implementing for use within the bureau. Bureaus and offices may expand the attached [Department Financial Assistance Risk Assessment Checklist](#) to include additional risk factors that address the risk criteria in [2 CFR 200.205 \(b\)](#), as long as the elements contained in the Department's checklist are incorporated verbatim into the bureau- and office-specific checklist. Bureaus and offices may use the attached [Department Financial Capability Questionnaire](#) as is, or as a starting point for creating a bureau- or office-specific questionnaire.
2. Publicize in Notices of Funding Opportunity that successful applicants will be subject to one or more of the following as part of the pre-award risk assessment:
  - a. Federal program review of the applicant's most recent Single Audit, submitted to the Federal Audit Clearinghouse in accordance with the deadline set forth in 2 CFR §200.512, Report Submission, and required under 2 CFR §200.501 (b). Bureaus and offices may ask for a copy of the entity's most recently submitted report or may access it on the Federal Audit Clearinghouse site.
  - b. Review of the applicant's most recent independent audit, if available.
  - c. Completion of the Department's Financial Capability Questionnaire, a bureau- or office-specific Financial Capability Questionnaire, or submission of any other documentation to be used to support the risk assessment.
3. At a minimum, bureaus and offices must complete at least one recipient risk assessment prior to award of the first discretionary or mandatory grant or cooperative agreement to the recipient in the fiscal year. A new risk assessment must be completed for each recipient for every fiscal year in which they will receive a new award.
4. Bureaus and offices may centralize annual risk assessments at the bureau or office level or at lower organizational levels.
5. To document the risk assessment, bureaus and offices must complete either the Department's [Financial Assistance Risk Assessment Checklist](#) or a bureau- or office-specific PAM-approved alternate.
6. For a recipient that is not subject to the Single Audit requirement and also do not conduct annual independent audits, bureaus and offices must assess each recipient's financial management system against the financial management standards in 2 CFR 200.302. Bureaus and offices must document their financial management system assessments on either the attached Department's Financial Capability Questionnaire or an alternate bureau or office specific, PAM-approved, risk assessment tool and/or procedures. Bureaus and offices may also need to establish tools and procedures to address recipients not subject to 2 CFR 200, as applicable.

4. Consider risk assessment results when developing grant and cooperative agreement award conditions. Incorporate specific conditions at the time of award based on the risk level and the conditions that caused the risk rating.
  - a. For recipients that are low risk, bureaus and offices must require, at a minimum, the submission of annual performance and financial reports.
  - b. For recipients that are medium or high risk, in addition to the required annual performance and financial reports, consider incorporating one or more specific conditions in [2 CFR 200.207](#), as relevant to the identified risk condition(s), into the award. Follow 2 CFR 200.207 (c) for notification of conditions, and 2 CFR 200.207 (d) for prompt removal of conditions after the recipient completely mitigates the identified risk factor(s).

**Attachments:**

The following attachments apply to this policy:

- Department of the Interior [Financial Assistance Risk Assessment Checklist](#)
- Department of the Interior [Financial Capability Questionnaire](#)

**Approval Signature:**

The signature provided in the table below serves as the digital signature for this document. By replacing the Block 1 with a name and Block 2 with date, the Deputy Director, Office of Acquisition and Property Management approves the policy described in this document. (Use the following method to check signature authentication via revision history: on keyboard, press and hold Ctrl+Alt+Shift+H)

James McCaffery	8/17/2016
Deputy Director, Office of Acquisition and Property Management	Date

**Department of the Interior**  
**Office of Acquisition and Property Management**  
**Financial Assistance Risk Assessment Checklist**

Per DOI-AAAP-0068, Financial Assistance (FA) Recipient Risk Assessment and Award Monitoring: Complete the FA Risk Assessment Checklist prior to award of the first discretionary or mandatory grant or cooperative agreement to the recipient in the Fiscal Year (FY).

The completed form must be filed in either the official award file or a centralized subject-matter file, which may be more efficient for recipients who receive multiple awards in the FY.

Refer to DOI-AAAP-0068 for conditions to incorporate into awards for recipients.

**Instructions to use this Template**

Click the link below to open a preview of the template of this document. Select "Use this Template" which appears in the upper left corner of the link. A new document will open; rename the document by clicking on the title of the document, the document is automatically saved in your google drive. Change document permissions as appropriate by clicking on the blue "Share" button located in the upper right-hand corner. Delete these template instructions on your checklist.

**[FA Risk Assessment Checklist TEMPLATE - click here](#)**

Recipient Name:	
DUNS Number:	
Recipient Type:	
Completed by (Full Name and Title):	
Date this form was completed:	

1. Single Audit Compliance. If a Single Audit is available for the recipient, complete step 1 and skip steps 2 and 3. If not, skip step 1 and proceed to step 2.

LOW - The recipient's Single Audit did not contain any of the following: Qualified Opinion, a "going concern" emphasis-of-matter paragraph, significant deficiency, material weakness, material noncompliance, or any Standard Form Single Audit Compliance (SF-SAC) types of compliance findings. 1

MEDIUM - The recipient's Single Audit contained any of the following: Qualified Opinion, a "going concern" emphasis-of-matter paragraph, significant deficiency, material weakness, material noncompliance, or any SF-SAC types of compliance findings that are not directly related to the Bureau's or Office's financial assistance programs. 3

**Department of the Interior**  
**Office of Acquisition and Property Management**  
**Financial Assistance Risk Assessment Checklist**

HIGH - The recipient's Single Audit contained any of the following: adverse opinion, disclaimer of opinion, a "going concern" emphasis-of-matter paragraph, any SF-SAC types of compliance findings that are directly related to the Bureau's or Office's financial assistance programs. 5

**DOCUMENTATION - File a printed copy of the report with this completed Financial Assistance Risk Assessment Checklist or provide the following information if Single Audit is posted on the Federal Audit Clearinghouse (FAC):**

Auditee Employer Identification Number (EIN):	
Report FY End Date:	

2. Independent Audit. If an independent audit is available for the recipient, complete step 2 and skip step 3. If no, skip step 2 and proceed to step 3.

LOW - The recipient received an unqualified opinion on their independent audit. 1

MEDIUM - The recipient received a qualified, adverse, or disclaimer of opinion on their independent audit but program can mitigate risk by adding conditions to the award. 3

HIGH - The recipient received a qualified, adverse, or disclaimer of opinion on their independent audit and program cannot mitigate risk by adding conditions to the award. 5

**DOCUMENTATION - File recipient's independent audit report with this completed Financial Assistance Risk Assessment Checklist.**

3. Other Tool. The recipient completed a Financial Capability Questionnaire (Department's or bureau's) or bureau conducted an agreed upon procedures review. Review of this tool indicates that:

LOW - The recipient has policies and procedures in place that meet the financial management standards in 2 CFR §200.302. 1

MEDIUM - The recipient lack policies and procedures that meet the financial management standards in 2 CFR §200.302 but program can mitigate risk by adding conditions to the award. 3

HIGH - The recipient lack policies and procedures that meet the financial management standards in 2 CFR §200.302 but program can mitigate risk by adding conditions to the award. 5

**Department of the Interior**  
**Office of Acquisition and Property Management**  
**Financial Assistance Risk Assessment Checklist**

***DOCUMENTATION - File completed Financial Capability form or agreed upon procedures review report with this completed Financial Assistance Risk Assessment Checklist.***

4. Federal Awardee Performance and Integrity Information System (FAPIS) check indicates that:

- LOW - The recipient has no FAPIS record. 1
- MEDIUM - The recipient has negative performance information in FAPIS but program has positive prior experience with recipient. 3
- HIGH - The recipient has negative performance information in FAPIS but bureau/office can mitigate risk by adding conditions to the award. 5

5. Performance Track Record

- LOW - Recipient has met all objectives in previous award(s); on schedule to meet all objectives in current award(s) or Recipient met most objectives in previous award(s) and the reason(s) for delay or non-performance was(were) unavoidable or recipient has no past or current award with the bureau. 1
- MEDIUM - Recipient has no previous awards or recipient may have had issues with meeting objectives in current or past award(s) but was responsive to bureau communications or request for information or action related to the issue(s). Issue(s) was(were) resolved. 3
- HIGH - Recipient failed to deliver proposed outcomes/outputs on previous award(s); significantly behind schedule or failing to meet maintenance of effort required on current award(s) due to failures within recipient's control to correct. Recipient significantly failed to comply with award terms and conditions. Recipient was not responsive to communications or requests for information or action related to the issues. Issues were never resolved. 5

6. Reporting Compliance

- LOW - Recipient has a history of submitting timely performance and financial reports. 1
- MEDIUM - Recipient has no previous reporting requirement; or Recipient has asked for reporting extensions for performance and financial reports or has been periodically late in submitting these reports. 3
- HIGH - Recipient has been consistently late in submitting performance and financial reports. 5

**Department of the Interior  
Office of Acquisition and Property Management  
Financial Assistance Risk Assessment Checklist**

***Calculate the preliminary risk rating by adding the risk scores and dividing by 4.***

LOW: Average = 1 through 2.4  
MEDIUM: Average = 2.5 through 3.4  
HIGH: Average = 3.5 through 5

***Are there any other factors that impact, either by raising or lowering, the recipient's preliminary risk level? If yes, describe each factor and explain how each raised or lowered the preliminary risk level in the text box below:***

***Enter final risk rating here. Consider the preliminary risk rating and any factors that impact the preliminary risk level.***

***Refer to DOI-AAAP-0068 for follow-up actions.***

***Describe follow-up actions here:***

**DOI Financial Assistance - FINANCIAL CAPABILITY QUESTIONNAIRE**

**Use this form if a recipient is not subject to the Single Audit and has not undergone an independent audit.**

**NOTE TO REVIEWERS: This is a standard form that the Department of Agriculture uses for their awards. The intent is to customize this form for DOI use. PAM is pursuing the creation of this as a standard form with DOI's Record Office.**

Adequate accounting systems should meet the following criteria as outlined in the Office of Management and Budget's (OMB) Circular of Uniform Administrative Requirements, Cost Principles, and Audit Requirements found in 2 CFR Part 200, as implemented by the Financial Assistance Interior Regulation found in 2 CFR Part 1403.

- (1) Accounting records should provide information needed to adequately identify the receipt of funds under each grant awarded and the expenditure of funds for each grant.
- (2) Entries in accounting records should refer to subsidiary records and/or documentation which support the entry and which can be readily located.
- (3) The accounting system should provide accurate and current financial reporting information.
- (4) The accounting system should be integrated with an adequate system of internal controls to safeguard the funds and assets covered, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed management policies.

**Instructions to use this Template**

Click the link below to open a preview of the template of this document. Select "Use this Template" which appears in the upper left corner of the link. A new document will open; rename the document by clicking on the title of the document, the document is automatically saved in your google drive. Change document permissions as appropriate by clicking on the blue "Share" button located in the upper right-hand corner. Delete these Template instructions.

**[Financial Capability Questionnaire TEMPLATE - click here](#)**

**SECTION 1 – APPLICANT ORGANIZATIONAL INFORMATION**

1. Name of Organization and Address:					
2. Authorized Representative's Name and Title:					
3. Phone: (and extension)			4. Fax:		
5. Email:			6. Year Established:		
7. Employer Identification Number (EIN):			8. DUNS Number:		
9. Type of Organization:					
10. Approximate Number of Employees:		Full Time (Volunteer):		Part Time (Paid):	
Full Time (Paid):				Part Time (Volunteer):	

**SECTION 2 – ACCOUNTING SYSTEM**

	Yes	No	
11. Has any Government Agency rendered an official written opinion concerning the adequacy of the accounting system for the collection, identification and allocation of costs under Federal contracts/grants?	[ ]	[ ]	
12. If yes, provide name and address of Agency performing review: (Attach a copy of the latest review and any subsequent correspondence, clearance documents, etc.)			
	Manual	Automated	Combination
13. Which of the following best describes your accounting system:	[ ]	[ ]	[ ]
	Yes	No	Not Sure
14. Does the accounting system identify the receipt and expenditure of program funds separately for each grant?	[ ]	[ ]	[ ]
15. Does the accounting system provide for the recording of expenditures for each grant/contract by budget cost categories shown in the approved budget?	[ ]	[ ]	[ ]
16. Does the accounting system provide for the recording of cost sharing or match for each grant? Can you ensure that documentation is available to support recorded match or cost share?	[ ]	[ ]	[ ]
17. Are time distribution records maintained for each employee that specifically identify effort charged to a particular grant or cost objective?	[ ]	[ ]	[ ]
18. Does the accounting/financial system include budgetary controls to preclude incurring obligations or costs in excess of total funds available for a grant?	[ ]	[ ]	[ ]
19. Does the accounting/financial system include budgetary controls to preclude incurring obligations or costs in excess of total funds available for a budget cost category (e.g. Personnel, Travel, etc.)?	[ ]	[ ]	[ ]
20. Is your organization generally familiar with the existing regulation and guidelines containing the Cost Principles and procedures for the determination and allowance of costs in connection with Federal grants?	[ ]	[ ]	[ ]
21. Is a separate bank account maintained for Federal grant funds?	[ ]	[ ]	[ ]
22. If a separate bank account is not maintained, can the Federal grant funds and related expenses be readily identified?	[ ]	[ ]	[ ]

**SECTION 3 – PROPERTY STANDARDS, PROCUREMENT STANDARDS, AND TRAVEL POLICIES**

<b>PROPERTY STANDARDS</b>	Yes	No	Not Sure
23. Does your property management system(s) provide for maintaining: (1) a description of the equipment; (2) an identification number; (3) source of the property, including the award number; (4) where title vests; (5) acquisition date; (6) federal share of property cost; (7) location and condition of the property; (8) acquisition cost; & (9) ultimate disposition information?	[ ]	[ ]	[ ]
24. Does your property management system(s) provide for a physical inventory and reconciliation of property at least every two years?	[ ]	[ ]	[ ]
25. Does your property management system(s) provide controls to insure safeguards against loss, damage or theft of the property?	[ ]	[ ]	[ ]
<b>PROCUREMENT STANDARDS</b>	Yes	No	Not Sure
26. Does your organization maintain written procurement procedures which (1) avoid unnecessary purchases; (2) provide an analysis of lease and purchase alternatives; and (3) provide a process for soliciting goods and services?	[ ]	[ ]	[ ]
27. Does your procurement system provide for the conduct to ensure selection on a competitive basis and documentation of cost or price analysis for each procurement action?	[ ]	[ ]	[ ]
28. Does your procurement system include provisions for checking the "Excluded Parties List" system for suspended or debarred sub-grantees and contractors, prior to award?www.sam.gov	[ ]	[ ]	[ ]

**DOI Financial Assistance - FINANCIAL CAPABILITY QUESTIONNAIRE**

<b>TRAVEL POLICY</b>	Yes	No	Not Sure
29. Does your organization maintain a standard travel policy or, if nopolicy exists, does your organization adhere to rates and amounts established under 5 U.S.C. 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), and policies under the Federal Acquisition Regulations at 48 CFR 31.205-46(a)?	[ ]	[ ]	[ ]
<b>SUBRECIPIENT MANAGEMENT</b>	Yes	No	Not Sure
30. (For Pass-through entities only). Does your organization have controls in place to monitor activities of subrecipients, as necessary, to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of the award and that performance goals are achieved.	[ ]	[ ]	[ ]
<b>INDIRECT COSTS</b>	Yes	No	Not Sure
31A. We are a U.S. state or local government entity receiving more than \$35 million in direct Federal funding each year with an approved indirect cost rate.	[ ]	[ ]	[ ]
31B. We are a U.S. state or local government entity receiving less than \$35 million in direct Federal funding each year with an established indirect cost rate.	[ ]	[ ]	[ ]
31C. We are a non-governmental entity that has previously negotiated an indirect cost rate or has a current approved indirect cost rate.	[ ]	[ ]	[ ]
31D. We are an entity that has never submitted an indirect cost rate proposal to our cognizant agency. In the event an award is made, we will submit a rate proposal to our cognizant agency.	[ ]	[ ]	[ ]
31E. We are an entity that has never submitted an indirect cost rate proposal to our cognizant agency. In the event an award is made, we agree as a condition of award to charge the 10% de minimis indirect cost rate.	[ ]	[ ]	[ ]
31D. We are an entity that charges all costs directly.	[ ]	[ ]	[ ]
32. If my organization chooses to charge indirect costs to the Federal award or use indirect costs as a match, you understand that you must prepare an indirect cost rate proposal and submit it to your cognizant Federal agency for approval. Alternatively, you may use a de minimis rate of 10% of modified total direct costs (MTDC).			

**STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS and APPLICANT CERTIFICATION**

I certify that the above information is complete and correct to the best of my knowledge. The signature provided below serves as the digital signature for this document. By replacing "[Block 1]" with a name and "[Block 2]" with a date, the signer approves the information provided in this document. (Use the following method to check signature authentication via revision history: on keyboard, press and hold Ctrl+Alt+Shift+H)

Name:	
Title:	
<b>Signature</b>	[Block 1]
<b>Date</b>	[Block 2]