Instructions: Instructions for using this template are in **red**. Please read, fill in every blank, and **delete all instructions** before saving your final document.

1. NOTE: This template is *optional* for state agencies to use to document their preaward risk assessment review to meet the minimum requirements of OGM Policy 08-06: Preaward Risk Assessment of Potential Grantees and Minn. Stat. §16B.981. Agencies may use a single preaward risk assessment for multiple grants to the same entity so long as they have similar granting periods and activities, and are awarded simultaneously or within a six-month period.
2. Instructions for each section are identified as *<****Instructions:*** *italics>*. Delete the instructions before saving your final document. [Brackets] indicate optional sections to be included or items where the agency needs to fill in the information.
3. If significant risks are noted during the risk assessment, the reviewer should follow up with the grantee and then document the results in the “Results of Preaward Risk Assessment” section at the end of this document.

# Single Source Grantee Preaward Risk Assessment Checklist

<***Instructions:*** *Complete the following to document who performed the Risk Assessment for the potential grantee*.>

**Grantee Name:** Click or tap here to enter text.

**Date:** Click or tap here to enter text.

**Reviewed by:** Click or tap here to enter text.

## Applicability

This checklist is to be used for potential single source grantees that are either a [municipality (political subdivision)](https://www.revisor.mn.gov/statutes/cite/471.345), [nonprofit](https://www.revisor.mn.gov/statutes/cite/317A), or [for-profit business](https://www.revisor.mn.gov/statutes/cite/5.001) that are being awarded $50,000 or more. Completing this checklist will facilitate the required risk assessment per of OGM Policy 08-06: Preaward Risk Assessment of Potential Grantees and Minn. Stat. §16B.981. Complete each section below as applicable to the potential grantee.

This potential grantee is a (check one):

[ ] Municipality (Political Subdivision)

[ ] Nonprofit

[ ] For-Profit Business

Agencies must verify that the potential grantee is not on the State of Minnesota suspended/debarred list or the federal debarment list before beginning this preaward risk assessment. Potential grantees that are suspended/debarred are not subject to the appeal process described in Minn. Stat. §16B.981, subd. 4.

[ ]  Potential grantee is not on the [State of Minnesota suspended/debarred list](https://mn.gov/admin/osp/government/suspended-debarred/).

[ ]  Potential grantee is not on the [federal debarment list](https://sam.gov/search/).

<**Instructions**: Contact the potential grantee to request all necessary information to complete this checklist. See “Preaward Risk Assessment Questionnaire” and “Sample Agency Communication Letters” for more instructions. Answer the following questions, checking the box for “Yes” and “No.” If there is an issue noted with one of the questions, check the “Risk Noted” box and complete the section at the end of this template for “Results of the Preaward Risk Assessment.”>

*Minn. Stat. §16B.981 Subd 2 (1): Review the grantee’s history of performing duties similar to those required by the grant, whether the grant requires the potential grantee to perform services at a significantly increased scale, and whether the grant will require significant changes to the operation of the potential grantee's organization.*

1. **Based on the understanding of their services, does the work of the potential grantee align with the requirements of the grant?**

*<****Instructions:*** *If you are using this risk assessment for more than one grant award, document the name and award amount of each grant, considering the above question for each award and the total amount of the awards.>*

[ ]  Yes

[ ]  No

[ ]  Risk Noted

1. **Has the potential grantee received any other state grants from [granting agency]?**

*<****Instructions****: Agencies should check: Exhibit C: Performance Capacity, which was collected with the application, their own financial records, and grantee evaluation reports to answer this question.>*

[ ]  Yes

[ ]  No [If No, we will/will not require the following additional information... and do/not do additional oversight including....]

[ ]  Risk Noted

* 1. **If the answer to question 2 is yes, were performance requirements met for those grants?**

☐ Yes

☐ No [If No, we will/will not require the following additional information... and do/not do additional oversight including....]

☐ Risk Noted

1. **Does the potential grantee have a history of successfully performing with a grant of this amount or duties, at [granting agency] or other state agencies?**

*<****Instructions:*** *Agencies can use the information collected above and* [check evaluations posted on the OGM website](https://osp.admin.mn.gov/user/login?destination=/node/421) *and/or reach out to other agencies to assist in answering this question.**If grant award amounts or duties are significantly more than the history indicates, the agency should consider if the potential grantee will need to make any changes to their operations.>*

[ ]  Yes

[ ]  No [If No, we will/will not require the following additional information... and do/not do additional oversight including....]

[ ]  Risk Noted

*Minn. Stat. §16B.981 Subd 3: The agency may require additional information and may provide enhanced oversight for grantees that have not previously received state or federal grants for similar amounts or similar duties and have not yet demonstrated the ability to perform the duties required under the grant on the scale required.*

1. **Based on the information above, has the potential grantee demonstrated that they can successfully perform the duties of this grant on the scale that is required?**

*<****Instructions:*** *Agency may need to have a conversation with the* *potential grantee about their capacity in order to determine the answer to this question. Document date of conversation and what was discussed or if additional information was requested. If the answer is no, document additional requirements or oversight that will be required for the potential grantee in the “Results of Preaward Risk Assessment” section.>*

[ ]  Yes

[ ]  No

[ ]  Risk Noted

*Minn. Stat. §16B.981 Subd 2 (6): Certification, provided by the potential grantee, that none of its current principals have been convicted of a felony financial crime in the last ten years. For this section, a principal is defined as a public official, a board member, or staff with the authority to access funds provided by this agency or determine how those funds are used.*

1. **Did the potential grantee provide the required certification that none of its current principals have been convicted of a felony financial crime in the last ten years and provide a list of those principals (such as a copy of their organizational chart or list of board members)?**

*<****Instructions:*** *The potential grantee must provide this certification before an agency can award a grant since it is required by statute.>*

[ ]  Yes

[ ]  No

[ ]  Risk Noted

## Specific to Potential Nonprofit Grantee

*Minn. Stat. §16B.981 Subd 2 (2): For a potential grantee that is a nonprofit organization, the potential grantee's most recent Form 990 or Form 990-EZ filed with the Internal Revenue Service. If the potential grantee has not been in existence long enough or is not required to file Form 990 or Form 990-EZ, the potential grantee must demonstrate to the agency's satisfaction that the potential grantee is exempt and must instead submit the potential grantee's most recent board-reviewed financial statements and documentation of internal controls or, if there is no such board, by the applicant's managing group;*

1. **Per the questionnaire, was the potential grantee required to file a Form 990 or Form 990-EZ?**

[ ]  Yes

[ ]  No

[ ]  Risk Noted

* 1. **If yes:**
		1. [ ] **Obtain copy of 990 or 990-EZ.**

*<****Instructions:*** *If the grantee was required to file and did not file or cannot provide a copy, this would be a risk as they are not adhering to a federal compliance requirement.>*

[ ]  Risk Noted

*<****Instructions: If the nonprofit is also required to provide a copy of their audited financial statements, perform a review of that instead of the 990. Make note of that here.****>*

1. [ ] **Perform a review of the Form 900 or 990-EZ using “*Financial Review Form – Nonprofit.”***

*<****Instructions:*** *The agency should follow up with the potential grantee on any concerns identified in the review. If the agency determines that additional requirements or oversight that will be required for the potential grantee, document them in the “Results of Preaward Risk Assessment” section.>*

[ ]  Risk Noted

* 1. **If no: Based on the answer to the internal controls question on the questionnaire, does the potential grantee have adequate financial controls to accurately report expenditures and outcomes of the grant?**

*<****Instructions:*** *Agency may need to follow up to ask for additional information to satisfy this question. See “Tip Sheet – Internal Controls” for considerations. The agency should document the date of conversation and what was discussed or if additional information was requested. If the agency determines that additional requirements or oversight that will be required for the potential grantee, document them in the “Results of Preaward Risk Assessment” section.* ***The monitoring visit should include follow-up on the internal controls the agency is relying on for the accuracy of reporting of expenditures and outcomes for the grant.*** *>*

[ ]  Yes

[ ]  No

[ ]  Risk Noted

* + 1. [ ]  **If exempt from filing, obtain copy of IRS determination letter**
		2. [ ]  **Obtain a copy of the reviewed financial statements, unless they meet the requirements of Question 2 below.**
		3. **Perform a review of the financial statements using “Financial Review Form – Nonprofit.”**

*<****Instructions:*** *The agency should follow-up with the* *potential grantee on any concerns identified in the review. If the agency determines that additional requirements or oversight that will be required for the potential grantee, document them in the “Results of Preaward Risk Assessment” section.>*

[ ]  Risk Noted

*Minn. Stat. §16B. 981 Subd 2 (5): if the potential grantee is required to complete an audit under section 309.53, subdivision 3, the potential grantee's most recent audit report performed by an independent third party in accordance with generally accepted accounting principles; and*

1. **Based on the questionnaire, is the potential grantee a charitable organization that made over $750,000 in their last fiscal year and thus was required to have an audited financial statement per MS 309.53?**

[ ]  Yes

[ ]  No

[ ]  Risk Noted

1. **If yes:**

[ ] **Obtain a copy of the audited financial statements**

*<****Instructions:*** *If the potential grantee was required to have an audit and did not have one or cannot provide a copy, this would be a risk as they are not adhering to a state compliance requirement.>*

[ ] **Perform a review of the financial statements using “*Financial Review Form – Nonprofit.”***

*<****Instructions:*** *The agency should follow-up with the potential grantee on any concerns identified in the review. If the agency determines that additional requirements or oversight that will be required for the* *potential grantee, document them in the “Results of Preaward Risk Assessment” section.>*

[ ]  Risk Noted

*Minn. Stat. §16B.981 Subd 2 (4) evidence of good standing with the secretary of state under chapter 317A, or other applicable law;*

1. **Per the questionnaire, did the potential grantee confirm that they were registered and in good standing with the Minnesota Secretary of State (SOS)?**

[ ] Save a print screen of the Business Record Details showing evidence of good standing from the [SOS website](https://mblsportal.sos.state.mn.us/Business/Search).

*<****Instructions:*** *If the* *potential grantee is not registered and current with the SOS, this would be a risk as they are not adhering to a state compliance requirement.>*

[ ]  Risk Noted

## Specific to Potential For-Profit Business Grantee

*Minnesota Statutes §16B.981 Subd 2 (3) for a potential grantee that is a for-profit business, the potential grantee's most recent federal and state tax returns, current financial statements, certification that the business is not under bankruptcy proceedings, and disclosure of any liens on its assets. If a business has not been in business long enough to have a tax return, the grantee must demonstrate to the agency's satisfaction that the grantee has appropriate internal financial controls;*

1. **Per the questionnaire was the potential grantee required to file their most recent State and federal tax returns?**

[ ]  Yes

[ ]  No

[ ]  Risk Noted

* 1. **If yes:**

[ ] **Obtain a copy of federally filed tax return.**

[ ] **Obtain a copy of state filed tax return.**

*<****Instructions:*** *If the* *potential grantee was required to file and did not file or cannot provide a copy, this would be a risk as they are not adhering to state and federal compliance requirements. It is recommended that the agency securely dispose of the tax returns after documenting they have completed this review by checking the above boxes.>*

[ ]  Risk Noted

* 1. **If no: Based on the answer to the internal controls question on the questionnaire, does the potential grantee have adequate financial controls to accurately report expenditures and outcomes of the grant?**

*<****Instructions:*** *Agency may need to follow up to ask for additional information to satisfy this question. See “Tip Sheet – Internal Controls” for considerations. The agency should document the date of conversation and what was discussed or if additional information was requested. If the agency determines that additional requirements or oversight that will be required for the grantee, document them in the “Results of Preaward Risk Assessment” section.* ***The monitoring visit should include follow-up on the internal controls the agency is relying on for the accuracy of reporting of expenditures and outcomes for the grant.****>*

[ ]  Risk Noted

1. [ ] **Obtain a copy of the potential grantee’s most recent financial statements.**

[ ] **Perform a review of the financial statements using “*Financial Review Form – For-Profit.”***

*<****Instructions:*** *The agency should follow-up with the* *potential grantee on any concerns identified in the review. If the agency determines that additional requirements or oversight that will be required for the potential grantee, document them in the “Results of Preaward Risk Assessment” section.>*

[ ]  Risk Noted

1. **Per the questionnaire, did the potential grantee disclose that they were under bankruptcy proceedings?**

*<****Instructions:*** *If they answered yes this would be a risk as it shows they might not be solvent or be able to meet the requirements of the grant.>*

[ ]  Yes

[ ]  No

[ ]  Risk Noted

1. **Per the questionnaire, did the potential grantee disclose that they had any liens on assets?**

*<****Instructions:*** *If they did disclose liens, the number and amount should be taken into consideration with respect to their financial statements and ability to pay debts, and if those assets are necessary to meet the outcomes of the grant.>*

[ ]  Yes

[ ]  No

[ ]  Risk Noted

*Minnesota Statutes §16B.981 Subd 2 (4) evidence of good standing with the secretary of state under chapter 317A, or other applicable law;*

1. **Per the questionnaire, did the potential grantee confirm that they were registered and in good standing with the Minnesota Secretary of State (SOS)?**

[ ] Save a print screen of the Business Record Details showing evidence of good standing from the [SOS website](https://mblsportal.sos.state.mn.us/Business/Search).

*<****Instructions:*** *If the* *potential grantee is not registered and up to date with the SOS, this would be a risk as they are not adhering to a state compliance requirement.>*

[ ]  Risk Noted

## Results of Preaward Risk Assessment

*<Complete the information below based on risks noted during the financial review or in the above sections*. Add or delete as needed. *Based on this information, answer the awarding decision questions. See “Sample Agency Communication Letters” for addressing significant risks with the potential grantee and awarding decisions.*>

#### Minnesota Statutes §16B.981 Subd 5: An agency that identifies an area of significant concern regarding a grantee’s financial standing or management may award a grant to the grantee if the agency provides or the potential grantee otherwise obtains necessary technical assistance. If the agency cannot provide and the grantee cannot otherwise reasonably obtain necessary technical assistance, the agency may award the grant if the agency establishes additional requirements in the grant contract agreement. Additional requirements may include but are not limited to enhanced monitoring, additional reporting, or other reasonable requirements imposed by the agency to protect the interests of the state.

**Risk Noted:**

**Follow-up steps completed and potential grantee response:**

**Impact to grant monitoring plan:**

**Risk Noted:**

**Follow-up steps completed and potential grantee response:**

**Impact to grant monitoring plan:**

**Risk Noted:**

**Follow-up steps completed and potential grantee response:**

**Impact to grant monitoring plan:**

**Risk Noted:**

**Follow-up steps completed and potential grantee response:**

**Impact to grant monitoring plan:**

**Risk Noted:**

**Follow-up steps completed and potential grantee response:**

**Impact to grant monitoring plan:**

 **Awarding Decision Questions**

1. **Are all significant identified risks resolved or mitigated in order to award the grant?**

*<****Instructions:*** *If the answer is no, or if the agency does not have the capacity to implement additional requirements or oversight, they may choose to not award the grant. Proceed to question 2.>*

[ ]  Yes

[ ]  No

**Date award or notification of risks letter sent to potential grantee:**

1. **If the risks were not resolved or mitigated, was the potential grantee able to provide additional information or work with the agency to develop a plan to resolve or mitigate the identified risks within 15 calendar days?**

*<****Instructions:*** *If the answer is yes, document additional information or attach a copy of the plan.>*

[ ]  Yes

[ ]  No

**Date award or non-award letter sent to potential grantee:**