

## **Pre-Award Risk Assessment**

## INTRODUCTION

Note: The applicant/grantee needs to fill out only the questions designated at the beginning of each section, starting with the phrase, “Applicant/Grantee Answer Questions” written in italic, red font.

The field to enter your answer has instructions written in dark blue font. A gray background will show when you hover over it.

## APPLICANT/GRANTEE INFORMATION

### *Applicant/Grantee Answer Questions 1-14*

1. Organization Name and Address: \_\_\_\_\_
2. Employer Identification Number: \_\_\_\_\_
3. Unique Entity Identifier (UEI) Number (12 Characters): \_\_\_\_\_
4. SWIFT Supplier ID: \_\_\_\_\_
5. Number of Full-time Employees: \_\_\_\_\_
6. Number of Part-time Employees: \_\_\_\_\_
7. Does your organization have 501(c)3 status?      Yes      No      N/A
  - a. If yes, when was the 501(c)3 status received? \_\_\_\_\_
8. Does your organization have a current business registration with the Minnesota Secretary of State?  
Yes      No      N/A [Staff will verify this information]
9. Is your organization affiliated with or managed by any other organization, for example, regional, or national office?      Yes      No
  - a. If yes, provide details:
  
10. Does your organization receive managerial or financial assistance from any other organizations?  
Yes      No
  - a. If yes, provide details:

11. What is your organization's total revenue in the most recent accounting period (12 months)?
- a. Does total revenue exceed total expenses?      Yes      No
- b. If expenses are greater than revenue, please explain:
12. How many different funding sources does the total revenue come from?
- a. Are any of those different funding sources from other DEED areas?      Yes      No
- b. If yes, how many, and what areas of DEED?
13. Does your organization have written policies and procedures for the following business practices? **(If yes, please attach a copy of the table of contents from the policy.)**
- a. Accounting      Yes      No
- b. Purchasing      Yes      No
- c. Payroll      Yes      No
- d. Conflict of Interest      Yes      No
14. Are the officials of your organization bonded?      Yes      No
- a. If no, does your organization conduct background checks?      Yes      No
- Comments:

## GENERAL ASSESSMENT

### *Applicant/Grantee Answer Questions 1-4*

1. Within the last three years, is your organization new to operating and managing state and/or federal funds?      Yes      No
- Comments:
2. Has your organization managed any DEED programs for less than three years?      Yes      No
- If yes, please list these programs and provide any comments you might have:

3. Within the last year, has there been high staff turnover or reorganization that has affected DEED programs?      Yes      No

a. If yes, please explain in the comment section.

Comments:

4. Do any of the staff assigned to DEED programs have less than two years of experience with these grants?  
Yes      No

If yes, please list the DEED programs and provide any comments:

*Internal Use Only – DEED Answer Questions 5-8*

5. If the applicant has a history with DEED, has the applicant been untimely in the submission of the following:

a. Applications:    Yes    No

b. Vendor Number:    Yes    No

c. Contract Documents:    Yes    No

d. Amendments/Modifications:    Yes    No    N/A

e. Budget Revisions (outside amendments/modifications):    Yes    No    N/A

f. Fiscal reporting, e.g., FSR/RPRs, CAPRs, invoices, other program fiscal reporting requirements:  
Yes    No

g. Draw Downs:    Yes    No

h. Progress reports:    Yes    No

i. Responses to correspondence or requests for information:    Yes    No    N/A

Comments on question 5a-i:

6. Has the applicant been untimely in responding to program/fiscal questions when being monitored?

Yes    No    N/A

Comments:

7. Is the applicant approaching DEED with an unusually complex request (e.g., program, funding, matching requirements)?

Yes    No

Comments:

8. Has DEED or any other state agency, auditors, or staff employed by the organization alerted us of previous problems with this organization? (Check the [MN Transparency website](#) to see if there is a history of funding from the State.) Request information from other agencies.

Yes    No    N/A

Comments:

Make sure to check DEED [grant closeout evaluations](#) for previous results from DEED grants. Reach out to assigned DEED program staff with any questions.

## LEGAL ASSESSMENT

### *Applicant/Grantee Answer Questions 1-5. Attach Additional Pages if Needed*

1. List all lawsuits that are pending or have been filed against the entity in the past five years. Provide the case number, the plaintiff in each suit, the cause of action(s), and the final judgment, if any. If no such lawsuits exist, please respond "N/A."
2. List all consent judgments or assurances of discontinuance the entity entered into with any state or federal agency in the past 10 years. Provide the terms of any such judgment. If no such judgments or assurances exist, please respond "N/A."
3. List all state and federal regulatory actions that are pending or have been filed against the entity in the past 10 years, including actions related to any license, permit, or other authorization. Identify the agency that filed the action, the cause of action(s), and the final judgment in the matter. If no such actions exist, please respond "N/A."

4. Is the entity currently, or has it previously been, suspended or debarred from a state or federal agency? (Check the Suspended/Debarred Vendor Report (state.mn.us). If no such actions exist, please respond "N/A." If yes, when and why?
  
5. List all convictions for any felony offenses or any offense involving a dishonest act or false statement committed by the entity's officers or board of directors in the past 10 years. Provide the case number, the criminal charge, the sentence, and any terms of probation that are still in effect. If no such convictions exist, please respond "N/A".

## ACCOUNTING SYSTEMS ASSESSMENT

### *Applicant/Grantee Answer Questions 1-6*

1. Which of the following best describes your organization's accounting system?
 

Manual	Automated	Combination
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2. Does your organization's accounting system identify the receipts and expenditures of program funds separately for each award?
 

Yes	No
-----	----
  
3. Will your organization's accounting system provide for the recording of expenditures for each award by the budget cost categories shown in the approved budget?
 

Yes	No
-----	----
  
4. Is your organization's staff's time allocated among the various programs they work on?
 

Yes	No
-----	----
  
5. Does your organization have an indirect cost rate that is federally approved and current?
 

Yes	No
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  - a. If yes, who approved the rate? \_\_\_\_\_
  - b. If yes, what is the rate? \_\_\_\_\_
  
6. Are the federal base dollars of this indirect cost rate calculation comparable to the rate calculation of other organizations of similar size, purpose, and budget?
 

Yes	No	N/A
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## FINANCIAL ASSESSMENT

### *Applicant/Grantee Answer Questions 1-7*

1. Is this grant large in terms of percentage of overall funding for your organization?
 

Yes	No
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  - a. What is the percent of DEED's funding compared to your overall funding?

2. Does your organization have unpaid tax liabilities with the Minnesota Department of Revenue or the Internal Revenue Service?      Yes      No [Staff will verify this information]

Comments:

3. Does your organization have outstanding unemployment insurance debt?      Yes      No [Staff will verify this information]

4. Does your organization have any other major contingent liabilities?      Yes      No

a. If yes, please list them here.

5. Are your organization's actual expenditures within approved budgets?      Yes      No

a. If no, please explain.

6. Has your organization incurred any large or unusual debt in the last 12 months?      Yes      No

a. If yes, what was the cause of the new debt?

b. If yes, what is the funding source for paying back the new debt?

7. Does your organization have an emergency line of credit at a banking institution?      Yes      No

a. If yes, how much and with whom?

b. If yes, how much of the emergency line of credit is currently in use?

*Internal Use Only – DEED Answer Questions 8-14*

8. Has the applicant returned significant unspent funds to DEED or other funders?      Yes      No

9. Does the applicant have a large amount of budget carryover into the next year?      Yes      No

a. If yes, please explain:

10. Does the applicant have reasonable non-program expenses as indicated in audit reports, tax returns, or financial statements?      Yes      No

11. What is the applicant's current amount of unrestricted funds?

12. Is the applicant's "current ratio" of assets to liabilities 1:1 or less?      Yes      No

The formula is: Current Assets divided by Current Liabilities. Current ratio is designed to tell if an organization can pay its bills.

13. Is the applicant's "acid test ratio" less than 1:1?              Yes      No

The formula is: (Current Assets minus Inventories) divided by Current Liabilities. Acid Test Ratio is designed to tell if an organization is at risk of not having enough liquid assets to pay for current liabilities.

14. Is the applicant's debt to equity ratio less than 2:1?      Yes      No

The formula is: Total Liabilities divided by Total Equity. Debt to Equity Ratio is designed to determine if the organization might have trouble repaying debt.

## MONITORING/AUDIT ASSESSMENT

### *Applicant/Grantee Answer Questions 1 and 2*

1. For federal awards, has it been more than one year since your organization received a single audit?

Yes      No      N/A

a. If yes, why?

2. Did an independent certified public accountant (CPA) ever examine your organization's financial statements?      Yes      No      N/A

a. If yes, were there findings?      Yes      No

b. If there were findings, what were the number and extent of finding(s), and does your organization have a corrective action plan for correcting the finding(s)?

### *Internal Use Only – DEED Answer Questions 3-5*

3. If DEED has an existing relationship with this applicant, have monitoring visits occurred in accordance with Office of Grants Management (OGM) policy (one monitoring visit before final payment on grants over \$50k; One each year on those grants over \$250k)?

Yes      No      N/A

Comments:

4. Were there finding/corrective actions in prior monitoring visits?      Yes      No

a. If yes, what were the number and extent of finding/corrective actions in the prior visit?

5. If DEED has an existing relationship with this applicant, has financial reconciliation taken place in accordance with DEED and Office of Grants Management (OGM) policy 08-10?

Yes      No      N/A



## ADDITIONAL COMMENTS

*Applicant/Grantee State Additional Comments if Necessary*

State any additional comments:

# CERTIFICATION

## *Applicant/Grantee Fill Out Signature, Job Title, and Date*

APPLICANT/GRANTEE (Signature of authorized staff person) The applicant/grantee certifies that the appropriate person(s) has provided information for this assessment on behalf of the applicant/grantee, and that, to the best of the applicant's/grantee's knowledge, this information is current and accurate. The applicant/grantee understands that if the applicant/grantee has any compliance issues; items of significant concern; performance issues; unemployment insurance back-taxes owed or associated penalties; interest, fees, outstanding debt, or disputed financial obligations to a local state, or federal government entity; or is not current on wage-detail reporting requirements the issues must be resolved prior to any grant award.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Job Title: \_\_\_\_\_

## *Internal Use Only - Department of Employment and Economic Development Authorized Representative*

(Select one of the paragraphs below that best represents your review of the organization in this risk assessment.)

I completed the risk assessment on behalf of the Department of Employment and Economic Development and I certify that, to the best of my knowledge and based on the information provided by the applicant/grantee, the organization has no compliance issues; items of significant concern; performance issues; unemployment insurance back-taxes owed or associated penalties; interest, fees, outstanding debt, or disputed financial obligations to a local state, or federal government entity; and is current on wage-detail reporting requirements.

I completed the risk assessment on behalf of the Department of Employment and Economic Development and, in accordance with PPM 521, am bringing this risk assessment to the attention of my Division Director and DEED's Internal Auditor so they can further assess the situation and, where possible, help develop effective supports.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Job Title: \_\_\_\_\_