

Pre-Award Risk Assessment

Please complete the following pages.

* **Yellow highlights** indicate that supporting documentation must be attached to the Pre-Award Risk Assessment form.
* **Teal highlights** indicate questions that will be completed by DEED-VRS staff.

Please reach out to DEED-VRS staff if you have questions:

* Extended Employment – Meghan.Hanson@state.mn.us
* Independent Living Centers – Brad.Westerlund@state.mn.us
* Individual Placement and Support – Lori.Thorpe@state.mn.us

Thank you.

# Applicant Information

|  |  |  |  |
| --- | --- | --- | --- |
| Organization name and address |  | Employer Identification Number  |  |
| Unique Entity Identifier |  | Number of Employees | Full Time: Part Time: |
| Does the applicant have 501(c)3 status? | [ ] Yes [ ]  No |
| If so, when was it received? (MM/DD/YYYY) |
| Does the organization have a current business registration with the Minnesota Secretary of State (SOS)? [ ] Yes [ ]  No [ ]  N/A Attach a copy of SOS registration to this Pre-Award Risk Assessment. |
| Is the applicant affiliated with or managed by any other organization (e.g. regional or national offices)? | [ ] Yes [ ]  No [ ]  N/A |
| If so, provide details: |
| Does the applicant receive management or financial assistance from any other organizations? | [ ] Yes [ ]  No [ ]  N/A |
| If so, provide details: |
| What is the total revenue in the most recent accounting period (12 months)? |  |
| How many different funding sources does the total revenue come from? |  |
| Are any of those different funding sources from other DEED areas?  | [ ] Yes [ ]  No | If so, how many? |  |
| Does the applicant have written policies and procedure for the following business practices? (If yes, attach a copy of the table of contents.) |
| Accounting | [ ] Yes [ ]  No [ ]  N/A | Purchasing | [ ] Yes [ ]  No [ ]  N/A | Payroll | [ ] Yes [ ]  No [ ]  N/A |

# General Assessment

|  |  |
| --- | --- |
| Is the entity new to operating or managing state and/or federal funds (has not done so within the past five years)? | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| Is this program new for the entity (managed for less than three years)? | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| Has there been high staff turnover or agency reorganization that affects this program? | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| 1. Are the staff assigned to the program inexperienced with the program (worked with the program for less than two funding cycles)?
 | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| 1. VRS Staff complete this question: If the entity has a past history with DEED, has the entity been untimely in the submission of:
 |  |
| 1. Applications
 | [ ] Yes [ ]  No [ ]  N/A |
| 1. Amendments
 | [ ] Yes [ ]  No [ ]  N/A |
| 1. Fiscal reporting (e.g., FSR, invoices)
 | [ ] Yes [ ]  No [ ]  N/A |
| 1. Draw downs
 | [ ] Yes [ ]  No [ ]  N/A |
| 1. Budgets/revisions
 | [ ] Yes [ ]  No [ ]  N/A |
| 1. Progress reports
 | [ ] Yes [ ]  No [ ]  N/A |
| 1. Responses to correspondence or requests for information
 | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| 1. VRS Staff complete: Has the entity been untimely in responding to program/fiscal questions?
 | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| 1. VRS Staff complete: Is the program unusually complex (e.g., program, funding, matching requirements)?
 | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| 1. VRS Staff complete: Have any other state agencies, auditors, or staff employed by the entity alerted us of previous problems with this organization? (Check the [MN Transparency website](https://mn.gov/mmb/transparency-mn/).)
 | [ ] Yes [ ]  No [ ]  N/A |
| Comments |

# Legal AssessmentAttach additional pages if needed

|  |  |
| --- | --- |
| Does the entity have or has previously had a lawsuit(s) filed against them? (If yes, list all pending and/or previous lawsuits in the comments section with detailed information regarding who filed the lawsuit, the reason for filing and the final judgment rendered.) | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| Is entity currently, or have they previously been, suspended or debarred? (Check the [Federal Awardee Performance and Integrity Information System](https://www.fapiis.gov/fapiis/index.jsp) and/or [System for Award Management](https://www.sam.gov/portal/SAM/#1)) | [ ] Yes [ ]  No [ ]  N/A |
| If so, when and why? |
| 1. Is there any pending litigation against this organization?
 | [ ] Yes [ ]  No [ ]  N/A |
| If so, explain |
| Have any organization staff been jailed, convicted of a felony, or are currently under criminal investigation? | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| Has the organization lost funding due to accountability issues, misuse or fraud? | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| Are the officials of the organization bonded? | [ ] Yes [ ]  No [ ]  N/A |
| Comments |

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| accounting system assessment

|  |  |
| --- | --- |
| Which of the following best describes the accounting system? | [ ] Manual [ ]  Automated [ ]  Combination |
| Does the accounting system identify the receipts and expenditures of program funds separately for each award? | [ ] Yes [ ]  No [ ]  N/A |
| Will the accounting system provide for the recording of expenditures for each award by the budget cost categories shown in the approved budget? | [ ] Yes [ ]  No [ ]  N/A |
| 1. Are time distribution records (time studies) maintained for all employees who receive funding from multiple sources?
 | [ ] Yes [ ]  No [ ]  N/A |
| If “No,” does the entity have an approved alternative system to account for time distribution, and when was it approved? |
| 1. If grant funds are mixed with other funds, can the grant expenses be easily identified?
 | [ ] Yes [ ]  No [ ]  N/A |
| 1. Does the entity have an indirect cost rate that is approved and current?
 | [ ] Yes [ ]  No [ ]  N/A |
| If so, who approved the rate? |
| 1. Are the Federal base dollars of this indirect cost rate calculation comparable to other organizations of similar size, purpose and budget?
 | [ ] Yes [ ]  No [ ]  N/A |

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| Financial assessment

|  |  |
| --- | --- |
| Is this grant large in terms of percentage of overall funding for the entity? | [ ] Yes [ ]  No [ ]  N/A |
| What is the percent of overall? |
| Does the organization have unpaid tax liabilities with the Minnesota Department of Revenue or the Internal Revenue Service? (Check the Federal [System for Award Management](https://www.sam.gov/portal/SAM/#1) (SAM).) | [ ] Yes [ ]  No [ ]  N/A |
| Comments: |
| Does the organization have outstanding unemployment insurance debt or worker status issues? (Check with Unemployment Insurance or examine an internal audit of the organization.) | [ ] Yes [ ]  No [ ]  N/A |
| Are there any other major contingent liabilities? | [ ] Yes [ ]  No [ ]  N/A |
| If yes, list them here: |
| Is there an unusual level of discretion in monetary decisions? (Is the organization’s board or leadership allowed to disregard past promises when making changes for the future? Ex. Can the CFO meaningfully alter budgets without board approval?) | [ ] Yes [ ]  No [ ]  N/A |
| If yes, explain: |
| VRS Staff complete: If the entity has a past history with DEED, has the entity frequently been untimely in the drawn down of funds? | [x] Yes [ ]  No [ ]  N/A |
| If yes, explain: |
| 1. VRS Staff complete: Are expenditures within approved budgets?
 | [ ] Yes [ ]  No [ ]  N/A |
| If no, explain: |
| 1. VRS Staff complete: Has the entity returned (lapsed) significant unspent funds?
 | [ ] Yes [ ]  No [ ]  N/A |
| 1. VRS Staff complete: Does the entity have a large amount of budget carryover?
 | [ ] Yes [ ]  No [ ]  N/A |
| Explain: |
| 1. Does the organization have reasonable non-program expenses as indicated in audit reports, tax returns, or financial statements? (e.g., much more expenditures on supplies than average)?
 | [ ] Yes [ ]  No [ ]  N/A |
| 1. What is the current amount of unrestricted funds?
 |  |
| 1. Is the “current ratio” of assets to liabilities 1:1 or less (i.e., the organization cannot or can just barely pay its bills)?

Formula is: Current Assets ÷ Current Liabilities | [ ] Yes [ ]  No [ ]  N/A |
| 1. Is the “acid test ratio” less than 1:1?

Formula is: (Current Assets – Inventories) ÷ Liabilities | [ ] Yes [ ]  No [ ]  N/A |
| 1. Is the organizations debt to equity ratio less than 2:1?

Formula is: Total Liabilities ÷ Total Equity | [ ] Yes [ ]  No [ ]  N/A |
| 1. Has the organization incurred any large or unusual debt in the last 6 months?
 | [ ] Yes [ ]  No [ ]  N/A |
| 1. What was the cause for the new debt?
 |
| 1. What is the funding source for paying back the new debt?
 |
| 1. Does the organization have an emergency line of credit? [ ] Yes [ ]  No

If so, how much and with whom? |

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| monitoring/audit assessment (VRS Staff complete this entire section)

|  |  |
| --- | --- |
| If DEED has an existing relationship with this entity, have more than three funding cycles passed since the entity had an on-site monitoring visit? | [ ] Yes [ ]  No [ ]  N/A |
| Comments |
| Were there findings/violations in the prior visit? | [ ] Yes [ ]  No [ ]  N/A |
| * 1. What were the number and extent of findings/violations in prior visit (more violations/more severe=higher risk)?
 |
| Has it been more than one year since the recipient received a single audit?  | [ ] Yes [ ]  No [ ]  N/A |
| If yes, why? |
| 1. Did an independent certified public accountant (CPA) ever examine the organization’s financial statements?
 | [ ] Yes [ ]  No [ ]  N/A |
| * 1. If yes, were there findings?
 | [ ] Yes [ ]  No [ ]  N/A |
| What were the number and extent of findings/violations in prior visit (more violations/more severe=higher risk), and does the entity have a corrective action plan for correcting the finding? |

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# Additional Comments

# Certification

1. GRANTEE

The grantee certifies that the appropriate person(s) have provided information for this assessment on behalf of the Grantee, and that, to the best of the grantee’s knowledge, this information is current and accurate. The grantee understands that if the 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.

Name:

Signature:

Title:

Date:

1. DEED-VRS AGENCY AUTHORIZED REPRESENTATIVE

(select one)

[ ]  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 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.

Name:

Signature:

Title:

Date: