



## North Carolina College and Career Readiness

### Risk Assessment Policy and Procedures

As part of our federal compliance process, we are required to conduct a Risk Assessment on each provider before grant funds can be awarded. As the pass-through entity, the North Carolina Community College System (NCCCS) Office must assess the risk of a subgrantee not complying with Federal statutes, regulations and the terms and conditions of subawards.

The purpose of this assessment is to furnish the NCCCS state staff with information which will help in monitoring potential risk factors associated with grants awarded to providers. These risk factors are based on federal guidelines. The focus of the Risk Assessment is to ensure that providers meet the following requirements:

- Adhere to the grantor's guidelines and agreements,
- Remain within the budget,
- Capable of carrying out the scope of service and,
- Ensure that proper internal controls are in place.

A risk assessment for eligible subgrantees will be performed by the NCCCS System Office on an annual basis prior to grant award disbursements. Risk factors will include, but will not be limited to:

- Audit Findings
- New Personnel
- Prior Experience
- Performance
- Size and complexity of program
- Number of years the program has been in existence
- Late Reporting
- Allocation Amount
- Overpayments/Refunds
- Data Submission Errors
- Lapsed Funds/Carryover Amounts
- Financial Distress
- Indications of Fraud and Abuse
- Impending Provider closures

Upon completion of the risk assessment, all Providers will be classified as high, moderate or low risk. Each level of risk will have various levels of programmatic and fiscal monitoring that will be implemented during the program year. The purpose of the monitoring reviews will be to confirm

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that programs are expending and obligating the funds as stated in the initial approved grant application. The different types of programmatic and fiscal monitoring may include:

- On-Site Monitoring
- Desktop Monitoring
- Submission of Additional Documentation
- Required Attendance at Trainings/Technical Assistance

As a requirement of the federal award, the pass-through entity, which in this case would be the NCCCS System Office and auditors are to have access to the subgrantees records and financial statements as necessary for the pass-through entity to meet the requirements. In most circumstances, the Chief Financial Officer (CFO) of the institution will have all the required financial documentation. Documents that should be available for review may include:

- General Ledger Chart of Accounts
- Prior Year General Ledger that includes monthly expenditures
- Maintenance of Effort (MOE) Documentation
- Payroll information to document the staff paid out of the federal award
- Time and Effort Documentation
- Cash Management Procedure
- Allowability Procedure
- Travel Policy
- Procurement Procedure

Upon completion of the monitoring, a Corrective Action Plan (CAP) may be required to resolve the issues located during the evaluation. The Provider will be required to submit a plan detailing how the incorrect programmatic and/or fiscal practices will be amended within the required time frame. If there are unresolved CAP(s), further action may be taken to include:

- Specific award conditions/restrictions

Technical Assistance and training will be provided during the program year, to help mitigate and alleviate some of the factors that constitute as risk. All Providers will receive information about the information sessions that will be facilitated via the System Office Compliance team.

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## References

Brustein & Manasevit. (2015). The Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. In *The administrator's handbook on EDGAR* (3rd ed., pp. 124-125). Washington, DC: Brustein & Manasevit, PLLC.