



Uniform Grant Guidance

On December 19, 2014, The United States Department of Education released the Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards referred to as Uniform Grant Guidance (2 C.F.R. 200) which streamlines and consolidates government requirements for receiving and using federal awards so as to reduce administrative burden and improve outcomes. It was published in the Federal Register on December 19, 2014, and became effective for new and continuation awards issued on or after December 26, 2014.

Risk-Based Assessment

Increased responsibilities for pass-through entities:

- 2 CFR §200.331 (b) Pass-through entities must evaluate each sub recipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for the purpose of determining the appropriate monitoring actions.
- Risk Assessment does not have to be completed before subawards are made, but recipients can decide to make assessments before making the subawards.

Considerations for pass-through entities in evaluating sub-recipient risk:

- Prior experience with the same or similar subaward
- History of audits
- New personnel or new systems
- Relevant Federal monitoring

Increased responsibilities for pass-through entities:

- Under 2 CFR §200.331 (d) Pass-through entity monitoring must include: Review of financial and performance reports;
- Issuance of management decisions for audit findings on sub-recipients; and
- Follow-up activities ensuring sub-recipients take timely, appropriate action to cure deficiencies

Under 2 CFR §200.331 (e) the pass-through entity must assess risk to determine monitoring approach. Monitoring and follow up may include:

- Providing training and technical assistance,
- Performing an on-site review of entity's program operations, and
- Arranging for agreed-upon-procedures for audit services



Risk-Based Assessment

Special Conditions

Grant awards are subject to a pre-award assessment, as required in the Uniform Grant Guidance, §200.205-§200.210. Prior to issuing grant awards, MSDE reviews the potential risk posed by all Title I, Part A sub-awardees. In evaluating the risk posed by each sub-awardee, MSDE considers the following areas: (1) Financial stability; (2) Quality of management systems and ability to meet the management standards prescribed in the Uniform Grants Guidance; (3) History of performance including: the applicant's record in managing Federal awards, if it is a prior recipient of Federal awards, including timeliness of compliance with applicable reporting requirements, conformance to the terms and conditions of previous Federal awards, and if applicable, the extent to which any previously awarded amounts will be expended prior to future awards; (4) Reports and findings from audits performed under Subpart F—Audit Requirements of this Part or the reports and findings of any other available audits; and (5) The sub-awardee's ability to effectively implement statutory, regulatory, or other requirements imposed on non-Federal entities.

The MSDE evaluation tool contains 18 indicators which is used to assess sub-awardee risk based on the areas described above. Each indicator is considered independently and rated on a scale of 1 to 5. A composite score is derived by adding the total number of points from all rated indicators. The total is then divided by the number of risk factors. All scores are rounded to the nearest whole number. The average score, on a scale of 1-5 is the level of risk for the entire grant. Sub-awardees with lower levels of potential risk (1-3) will have fewer special conditions than sub-awardees with higher levels of potential risk (4-5). Conditions specific to the grant are noted on the Notice of Grant Award.

Per the Uniform Guidance, MSDE must notify the sub-awardee regarding the nature of the additional conditions; the reason why the additional conditions are being imposed; the nature of the action needed to remove the additional conditions, if applicable; the time allowed for completing the actions if applicable, and the method for requesting reconsideration of the additional conditions imposed. Please note that special conditions will be promptly removed once the conditions that prompted them have been corrected.