

Risk Assessments

February 15, 2024



A vibrant, hand-drawn graphic featuring the word "Welcome" in a playful, cursive font. The letters are filled with various colors: the 'W' is blue, 'e' is yellow, 'l' is orange, 'c' is red, 'o' is pink, 'o' is red, 'm' is yellow, and 'e' is yellow. The text is surrounded by a variety of colorful confetti, including stars, dots, and wavy lines in shades of blue, red, yellow, and orange. A large, blue, wavy line arches over the word. The entire graphic is set against a white background, which is framed by a blue border.

Welcome

Agenda

- 15 minutes Risk Management and Assessment
- 10 minutes Purpose of the Risk Assessment
- 15 minutes What Should Be Evaluated
- 10 minutes Using the Risk Assessment Data
- 35 minutes State Spotlights
- 5 minutes Wrap Up





Risk Management and Assessment

What is RISK?

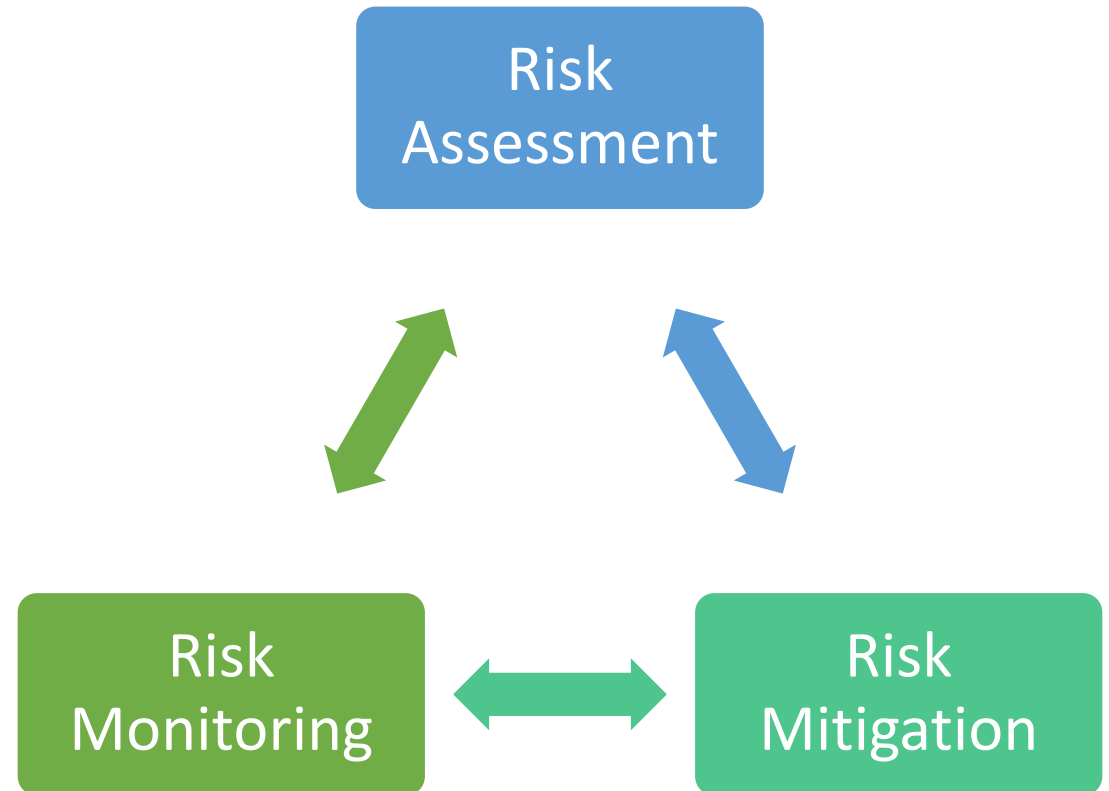
Or in other words

Risk is the possibility that an event will occur and adversely affect the achievement of objectives.

**WHAT COULD GO
WRONG
WITH MY PROGRAM**

Risk Management

- Risk management can be described as the continuous process of
 - assessing risks,
 - reducing the potential that an adverse event will occur, and
 - putting steps in place to deal with any event that does occur.



Risk Assessment



- **Risk assessments – measure and prioritize** hazards within the constraints of the defined risk levels and tolerance thresholds or acceptable risks.
- **Purpose – identify how big the risks are**, both individually and collectively, in order to focus our attention on the most important threats and opportunities.

Total risk is never eliminated.



Purpose of a Risk Assessment

Risk Assessments are Required

§200.332 Requirements for pass-through entities. (b)

Grantees, as pass-through entities, must:

- **Evaluate risk** of subrecipient's of noncompliance . . .
- **Evaluate . . . terms/conditions of the subaward** for purposes of determining the **appropriate subrecipient monitoring** . . .



Frequency Requirements

Uniform Guidance *requires* that risk assessments be completed to evaluate subawards.

ADDITIONALLY . . .

Risk Assessments are done to determine who needs to be monitored and the frequency.

SECTION 10: Monitoring, Corrective Action, and Fiscal Controls

Monitoring of Eligible Entities (Section 678B(a) of the CSBG Act)

10.1. Specify the proposed schedule for planned monitoring visits including: full on-site reviews; on-site reviews of newly designated entities; follow-up reviews – including return visits to entities that failed to meet state goals, standards, and requirements; and other reviews as appropriate.

This is an estimated schedule to assist states in planning. States may indicate “no review” for entities the state does not plan to monitor in the performance period.

Note: This information is associated with State Accountability Measure 4Sa(i); this response pre-populates the Annual Report, Module 1, Table H.1.

GUIDANCE: Monitoring that is specific to organizational standards should be referenced within Section 6, Item 6.3a.

Monitoring Schedule – Year One

| CSBG Eligible Entity | Monitoring Type | Review Type | Target Quarter | Start Date of Last Full Onsite Review | End Date of Last Full Onsite Review | Brief Description of “Other” |
|----------------------|--|---|---|---------------------------------------|-------------------------------------|--|
| [READ ONLY] | [Dropdown Options: Full On-Site Newly Designated Follow-up Other No Review] | [Dropdown Options: Onsite Review Desk Review] | [Dropdown Options: FY1 Q1 FY1 Q2 FY1 Q3 FY1 Q4] | Select a Date | Select a Date | If “Other” is selected in Column 2, describe in this column [Narrative, 500 characters] |

Monitoring Schedule – Year Two

| CSBG Eligible Entity | Monitoring Type | Review Type | Target Quarter | Start Date of Last Full Onsite Review | End Date of Last Full Onsite Review | Brief Description of “Other” |
|----------------------|--|---|---|---------------------------------------|-------------------------------------|--|
| [READ ONLY] | [Dropdown Options: Full On-Site Newly Designated Follow-up Other No Review] | [Dropdown Options: Onsite Review Desk Review] | [Dropdown Options: FY2 Q1 FY2 Q2 FY2 Q3 FY2 Q4] | Select a Date | Select a Date | If “Other” is selected in Column 2, describe in this column [Narrative, 500 characters] |

Risk Assessments and Monitoring



- Periodic monitoring is required and important to ensure that agencies are spending grant funds appropriately and complying with the terms and conditions of the grant.
- The extent, frequency, and type of monitoring will depend on the results of the risk assessments done by your office.
- Monitoring schedules should be determined by your office's policy and based on the results of the risk assessment.

State Requirements

- A state CSBG office is required to conduct the following reviews of a CAA:
 - Full on-site review at least once every 3 years;
 - On-site review of newly-designated entities after the first year;
 - Other reviews as appropriate; and/or
 - A prompt follow-up review if a CAA fails to meet goals, standards, and requirements established by the state.

[U.S.C. § 9914](#)





What Should Be Evaluated

Federal Requirements

[§ 2 CFR 200.332 \(b\)](#) provides some **factors** that pass-through entities may review when evaluating a subrecipient's potential risk of noncompliance.

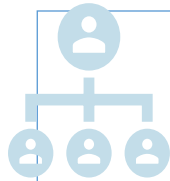
1. Prior Experience
2. Audit Results
3. New Personnel or new or changed systems
4. Results of Monitoring

Information from all interactions with the subrecipient; monitoring, grant reviews, report submission, audits, etc.

Other Factors to Consider



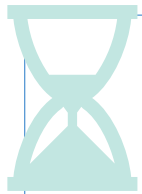
Size and Complexity of grants



Size of agency



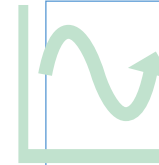
Type of Community Action Agency



Longevity of the grantee



Grantee management/
organizational structure,
internal controls



Experience and past
performance of the
grantee



Financial health and
practices of the grantee



Audit history




Complaints


Sample Categories




Financial Stability




Management Systems



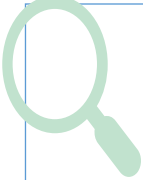
Board Compliance



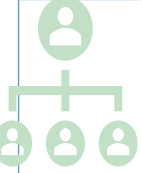
Past Program Performance



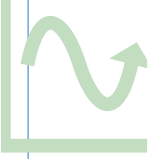
Past Monitoring



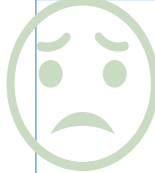
Single Audit



Leadership & Key Staff



Reporting



Complaints

Scoring Mechanism

- Scales are defined in terms of impact
 - Impact (or consequence) refers to the extent to which a risk might affect the agency.
 - When assigning an impact rating to a risk, assign the rating for the highest consequence anticipated
- Criteria for determining low, medium, and high risks
- Assess the quantity and quality of risks
- An acceptable level of risk under varying circumstances

Risk Assessment Matrix

| | SEVERITY | | | |
|------------|------------|---------------|----------------|--------------|
| LIKELIHOOD | Negligible | Marginal | Critical | Catastrophic |
| Frequent | | | | |
| Probable | | | | HIGH |
| Occasional | | | SERIOUS | |
| Remote | | MEDIUM | | |
| Improbable | LOW | | | |

High Risk Areas for CAAs





Using the Risk Assessment Data

Now What??

Based on your acceptable level of risk, your office will need to decide how to respond to or mitigate the risk.

These include:

- Additional checks and balances in the accounting and/or program areas
- Modify future contracts to incorporate better controls
- Training and Technical Assistance



Using Your Risk Assessment

§ 200.332 (d) Pass-through entity monitoring of the subrecipient must include:

- Review of financial and performance reports
- Following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected in audits, on-site reviews, and other means
- Issuing a management decision for audit findings

§ 200.332 (e) Depending on the assessment of the risk posed by the subrecipient . . . Pass-through entities may . . .

- Provide training and technical assistance
- Perform an on-site monitoring

Sharing the Results



Items to share with agencies

- Risk Assessment Report
- Scoring Mechanism and Criteria
- Monitoring Plan and Schedule
- Training and Technical Assistance Opportunities

State Management Work Group Monitoring and Oversight

1. Monitor for Impact

- Identify and share promising practices: focus on what's working
- Identify T/TA needs and deliver

2. Preparation is Key

- Share the Risk Assessment results
- Publish an annual monitoring schedule
- Conduct pre-monitoring T/TA

3. Consistency is Critical

- Leadership establishes and maintains a culture of “we are all in this together” – Not a “gotcha” exercise
- Staff is involved in updating/modifying the monitoring tool, and regularly trained on how to use it

4. Post-Monitoring Efforts are Integral to the Process

- Identify and share trends, issues, and promising practices
- Take action to address the identified trends and issues



Wisconsin

Barb Schachern



Pennsylvania

Melissa Tabb


RISK ASSESSMENT PROCESS

- Starts with an initial questionnaire at the beginning of the program year.
 - Uses information from our fiscal records, quarterly and annual reporting, organizational standards, prior monitoring, and board meeting minutes.
- The results of the risk assessment inform the monitoring schedule.
- The Risk Assessment tool is modeled after the categories in the Organizational Standards.
- Each program specialist completes the tool for their assigned agencies and the team meets to discuss.

RISK ASSESSMENT PROCESS

Melissa Tabb [Logout]
COPOS 2024 [Change]
DCED Admins

- Home
- Alerts
- COPOS Help
- Questions/Comments
- Announcements
- Section Modification Dates
- Download Reports
- [Expand All](#)
- ▼ Admin
- ▼ Report Status
- ▼ Organizational Standards
- ▲ Agency Questionnaire
- ▲ Agency Information
- ▲ Self Assessment
- ▲ Discretionary Monitoring
- Review Agency Questionnaires
- ▼ Work Plan / Discretionary
- ▼ Agency Highlights



COPOS
Community Organization Planning & Outcome System

Agency:

[Instructions](#) | [Statuses of Other Reports \(Including Agency Questionnaire\)](#)

Section A: General Information

Note: When the Agency Questionnaire is fully completed, please click [here](#) to Submit the Agency Questionnaire.

1. Completed by:
Melissa Tabb

2. Does your agency have satellite/remote offices funded by the CSBG contract?
Yes No

Please provide the following information for each location:

3a. Location of office(s):

0/800

RISK ASSESSMENT TOOL

- The tool is a Power App in which the specialists indicate compliance levels for criteria under existing organizational standards categories.
- The responses then feed a Power BI dashboard that allows us to examine and compare data points.

RISK ASSESSMENT TOOL


CSBG Risk Assessment

Search by Agency or Reviewer

Filter by Status

Being Scored ▼

Reset



| | |
|---|---|
| Agency for Community Empowerment of NEPA Winters, John (DCED) Being Scored | > |
| Allegheny County Department of Human Services Bischof, Janelle Being Scored | > |
| Armstrong County Community Action Agency Riggall, Nina Being Scored | > |
| Beaver County Community Services Program Bischof, Janelle Being Scored | > |
| Berks County Community Action Program, Inc. Riggall, Nina Being Scored | > |
| Blair County Community Action Agency Bischof, Janelle Being Scored | > |

RISK ASSESSMENT TOOL



Review Risk Assessment



Last Modified: 2/14/2024 1:34 PM

CSBG Agency
Agency for Community Empowerment of NEPA

Reviewer Winters, John (DCED)

Review Year 2024

Needs 3-Year Monitoring

Review Status
Being Scored

Status Date
2/14/2024

Overall Comments

Community Engagement

Agency participates with partners in conferences and webinars

Agency is compliant with other programs including state/federal subcontracted

Agency has CSBG subcontracts

Agency monitors subcontracts for compliance

Community Engagement Comments:

Organizational Leadership

Document submission is completed on time and accurately

Responses to state requests are made timely

Organizational standards are met on average over the past twelve months



No corrective action was needed in last year's CSBG Monitoring period

Organizational Leadership Comments:

RISK ASSESSMENT TOOL

↶

EDIT RISK ASSESSMENT

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General Information

| | |
|---|--|
| <p>CSBG Agency</p> <div style="border: 1px solid #003366; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Agency for Community Empowerment of NEPA ▼ </div> | <p>Reviewer</p> <div style="border: 1px solid #003366; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Winters, John (DCED) ▼ </div> |
| <p>Assessment Year</p> <div style="border: 1px solid #003366; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> 2024 ▼ </div> | <p>Does the agency need a 3-Year Monitoring visit?</p> <div style="background-color: #ffc107; border: 1px solid #003366; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Find items ▼ </div> |
| <p>Assessment Status</p> <div style="border: 1px solid #003366; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Being Scored ▼ </div> | <p>Status Date</p> <div style="background-color: #ffc107; border: 1px solid #003366; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Select Date 📅 </div> |

Community Engagement


| | |
|--|---|
| <p>Agency participates with partners in conferences and webinars</p> <div style="background-color: #ffc107; border: 1px solid #003366; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Find items ▼ </div> | <p>Agency is compliant with other programs including other state/federal subcontracted programs</p> <div style="background-color: #ffc107; border: 1px solid #003366; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Find items ▼ </div> |
| <p>Agency has CSBG subcontracts</p> <div style="background-color: #ffc107; border: 1px solid #003366; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Find items ▼ </div> | <p>Agency monitors subcontractors for compliance</p> <div style="background-color: #ffc107; border: 1px solid #003366; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> Find items ▼ </div> |


RISK ASSESSMENT TOOL

 **EDIT RISK ASSESSMENT**  

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months

Find items 


Find items 


Organizational Leadership Comments

Board Governance

Tripartite board composition follows requirements

Financial reports are provided to the board

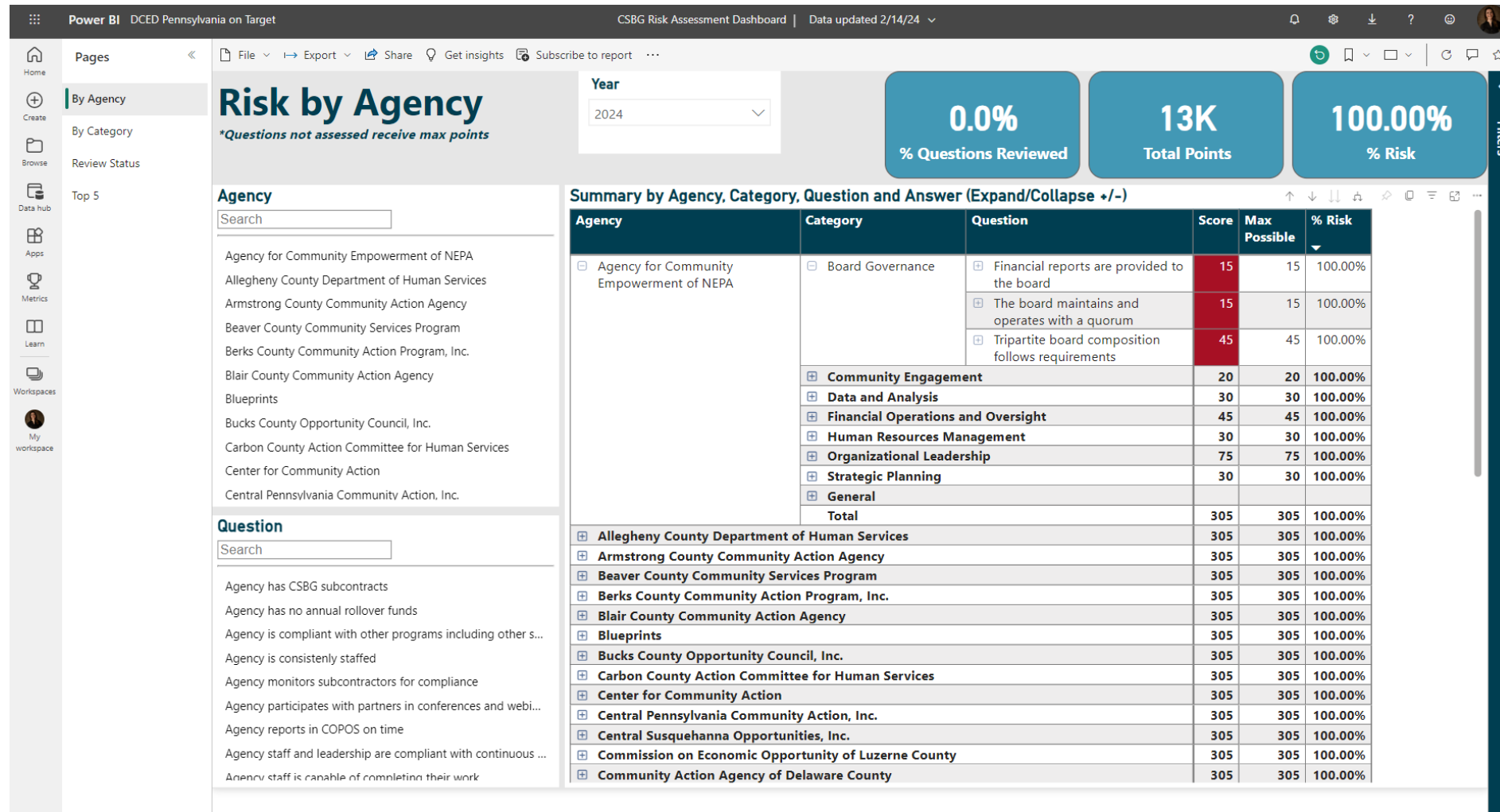
Find items 

Find items 

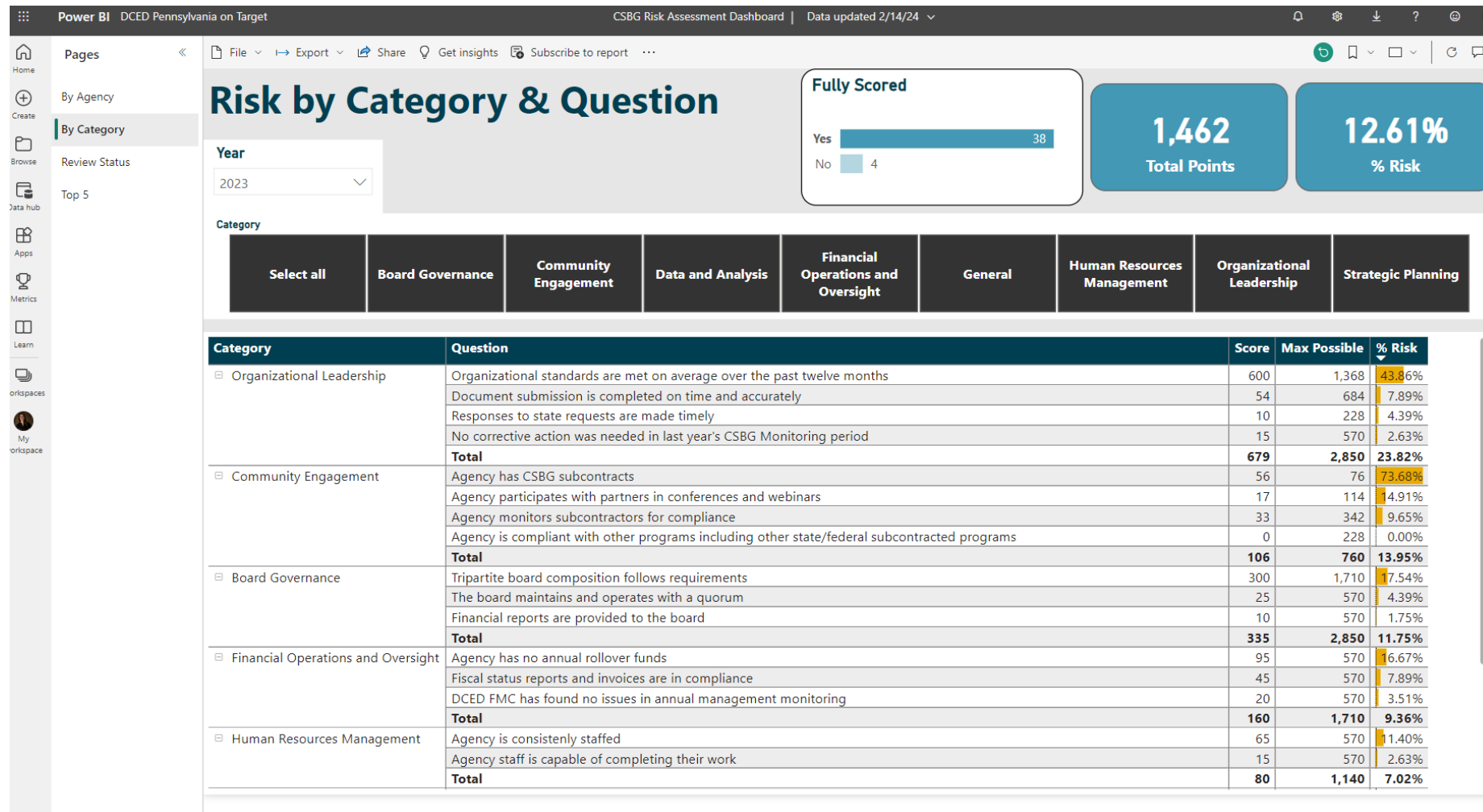
- 100% Compliant
- 85-99% Compliant
- 51-84% Compliant
- <50% Compliant

Strategic Planning

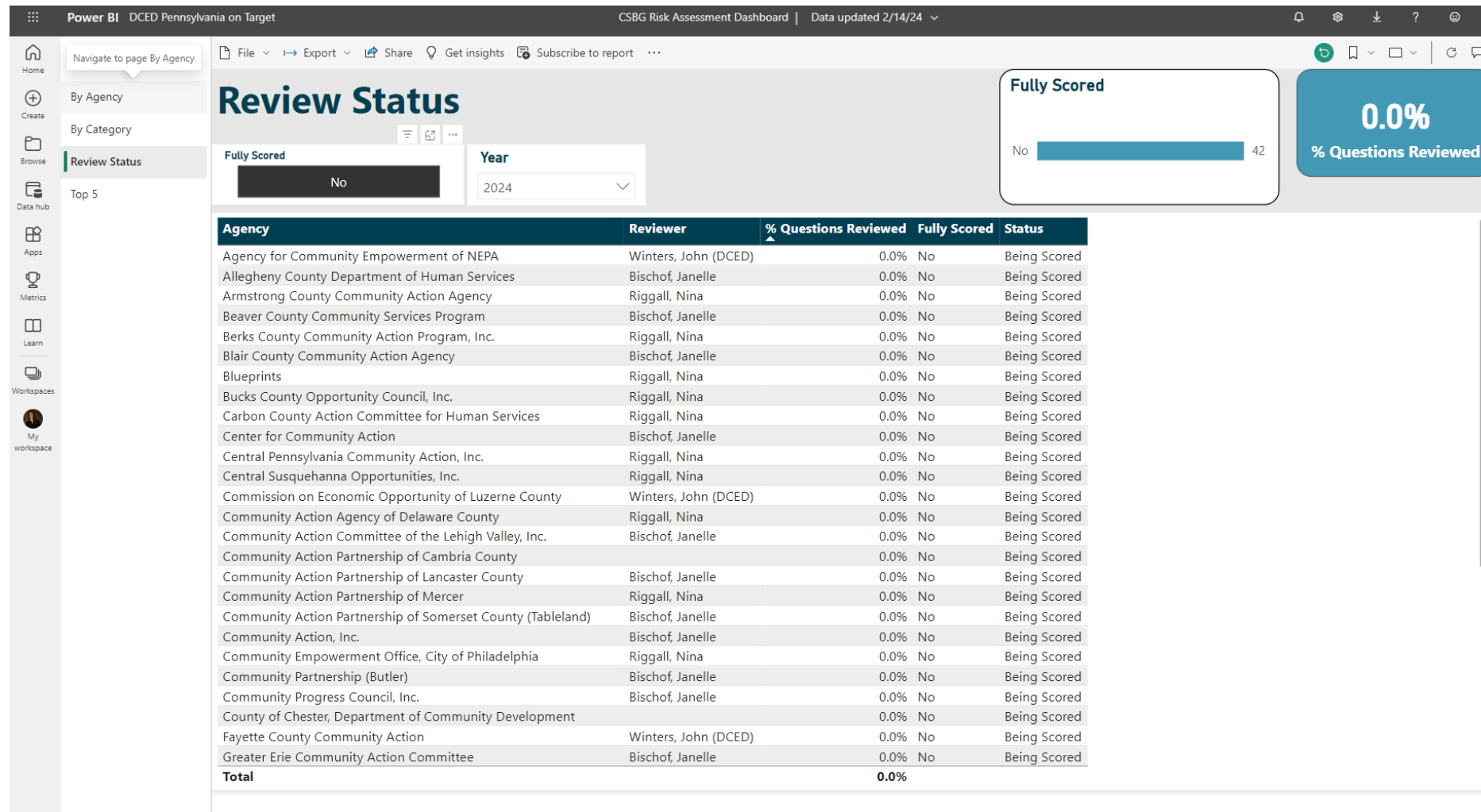
RISK ASSESSMENT DASHBOARD



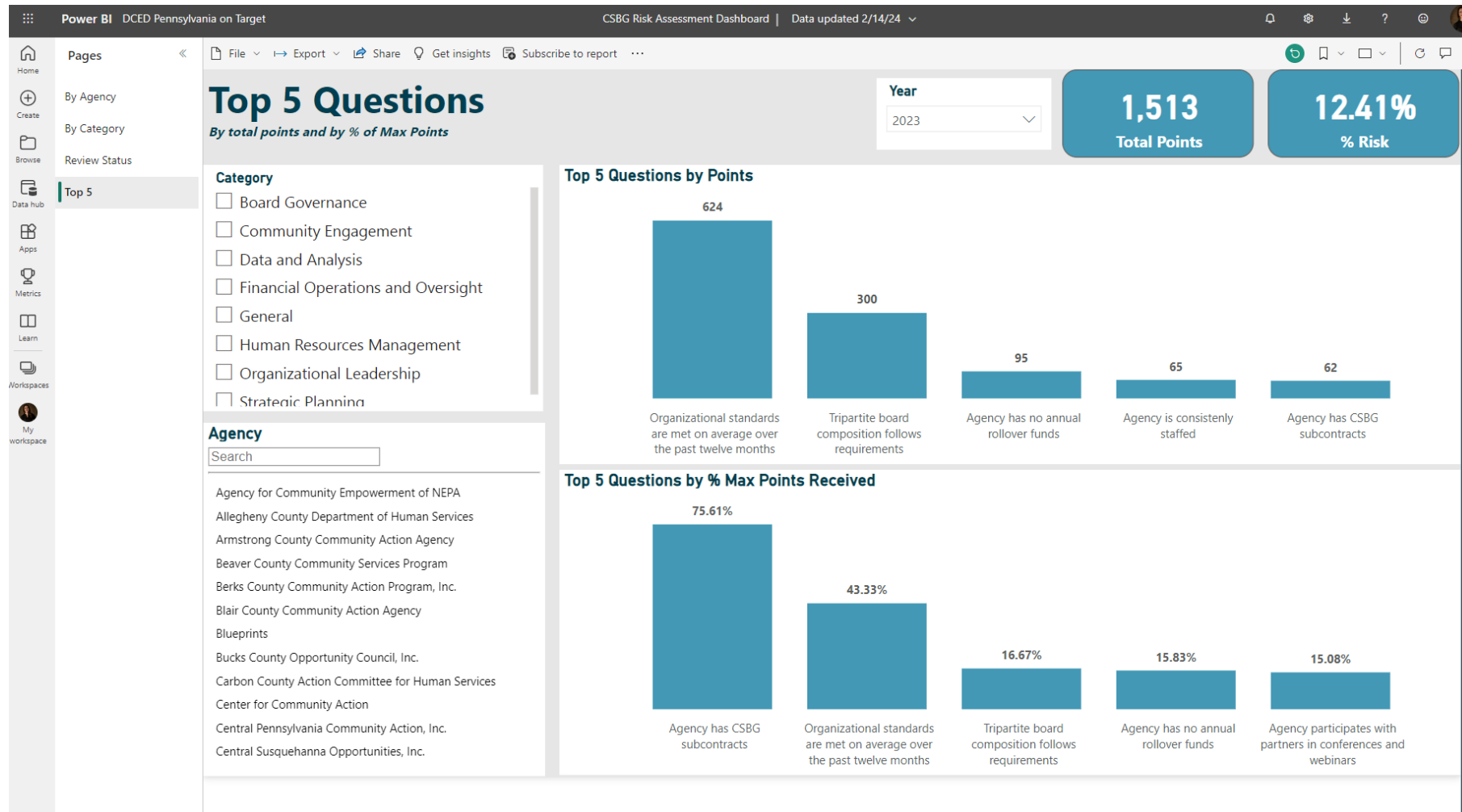
RISK ASSESSMENT DASHBOARD



RISK ASSESSMENT DASHBOARD



RISK ASSESSMENT DASHBOARD



RISK ASSESSMENT PROCESS

- 2024 will be the first year fully utilizing this tool.
- We already have some updates in mind to import data directly from our data collection system
 - Will create consistency between reviewers.

Melissa Tabb
Deputy Director
DCED Center for Community Services

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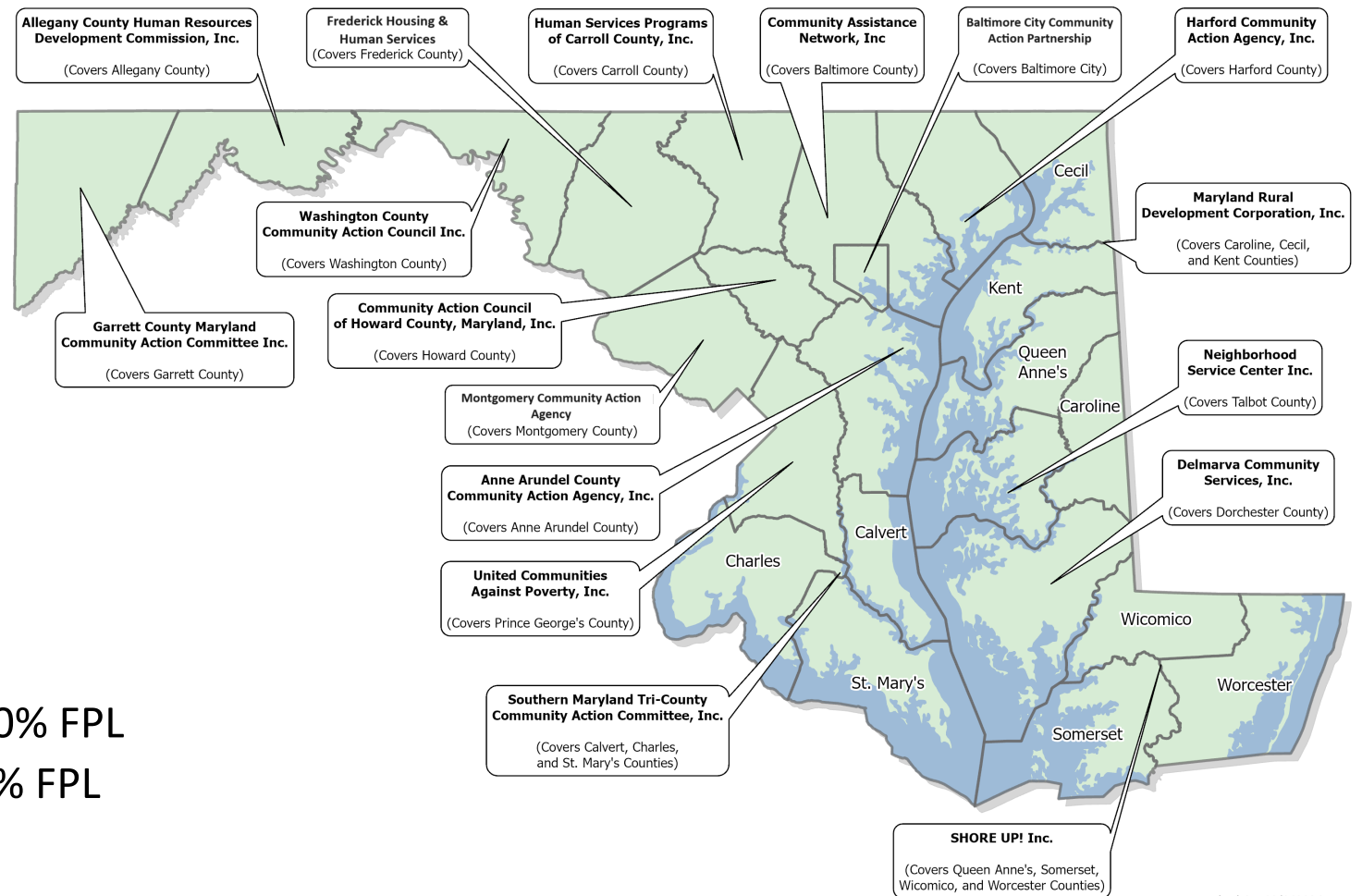


Maryland

Angela Fraser

Maryland's CAA Network

- 17 Community Action Agencies
 - 14 Private
 - 3 Public
- CSBG Allocation: \$10.4 million
- Leveraged Resources: \$183 million
- In FY22 CAAs served
 - 186,000 individuals
 - 42,000 households at or below 100% FPL
 - 26,000 households at or below 50% FPL



Risk Assessment - Overview

- Goals
 - Evaluate risk of noncompliance
 - Identify need for additional monitoring
 - Identify opportunities for training & technical assistance
 - Support continuous improvement
- Process
 - Conducted annually to prepare for monitoring during the new program year
 - Point in time assessment of a CAA based on available evidence
 - Assessment results can be updated throughout the program year to ensure the appropriate level of oversight, and relevant training and technical assistance
 - Limited in scope and intended only as a starting point for identifying the best approach for monitoring, training and technical assistance
 - **Not** intended to identify every actual or potential risk, to prevent possible deficiencies, or to determine compliance with all applicable laws or regulations

Risk Assessment - Tool

9 Risk Assessment Categories

- Financial Stability
- Management Systems
- Board Compliance
- Past Performance
- Past Monitoring
- Single Audit Reports
- Leadership & Key Staff
- Reporting
- Complaints

Risk Factors

- 2 to 10 risk factors per category
- Number of factors per category varies based on priority
- Scored from 1 (high risk) to 5 (low risk)
- Descriptive criteria to assist with scoring

Scoring

- Each Risk Factor receives a score
- Each Risk Category receives a score that is the sum of risk factor scores / number of factors in that category
- Risk Assessment Score is the sum of risk category scores / number of categories

Risk Assessment - Tool

| Board Compliance Category | 1-High | 2-Moderate | 3-Average | 4-Mild | 5-Low | Score |
|-----------------------------------|--|--|--|--|--|-------------|
| Tripartite Board Structure | Not in compliance | | | | In compliance | 5.00 |
| Board Vacancies | Vacant positions over 90 days | | Vacant positions under 90 days | | No vacancies | 3.00 |
| Quorum for Board Meetings | Most board meetings do not have a quorum according to the bylaws. | | Some board meetings do not have a quorum according to the bylaws. | | All board meetings have a quorum according to the bylaws. | 5.00 |
| Board Meeting Minutes | Minutes are not recorded and maintained as required by the agency bylaws | | Minutes are not consistently recorded and maintained as required by the agency bylaws | | Minutes are consistently recorded and maintained as required by the agency bylaws | 4.00 |
| Board Participation | Board members are not trained on their roles & responsibilities. Members do not consistently attend board meetings. Members do not participate in the planning, development and evaluation of Agency operations. | Board members receive sporadic training on their roles & responsibilities. Only a few members consistently attend board meetings. Only a few members participate in the planning, development and evaluation of Agency operations. | Board members receive annual training on their roles & responsibilities. Some (but not all) members consistently attend board meetings. Some (but not all) members participate in the planning, development and evaluation of Agency operations. | Most board members receive routine training on their roles & responsibilities. Most members consistently attend board meetings. Most members participate in the planning, development and evaluation of Agency operations. | All board members are routinely trained on their roles & responsibilities. All members consistently attend board meetings. All members participate in the planning, development and evaluation of Agency operations. | 4.00 |
| Board Compliance Score: | | | | | | 4.20 |



Risk Assessment - Scoring

| Risk Categories | Score |
|------------------------------|-------------|
| Financial Stability | 3.50 |
| Management Systems | 3.25 |
| Board Compliance | 4.20 |
| Past Performance | 4.00 |
| Past Monitoring | 3.50 |
| Single Audit Report | 5.00 |
| Leadership and Key Staff | 5.00 |
| Reporting | 4.00 |
| Complaints | 4.50 |
| Risk Assessment Score | 4.11 |


Risk Assessment - Rating

- Scores in the Excellent or Good range indicate low risk and routine monitoring is adequate
- Scores in the Average range may indicate a need for additional training and technical assistance
- Scores in the Moderate or Needs Improvement range indicate a need for enhanced monitoring, training, or technical assistance

| | |
|--|---|
| <p>5.00 Excellent</p> | <p>Evidence shows consistent results from well-designed, well-conducted organizational capacity in administering and operating services and activities to reduce the causes and conditions of poverty and to help move low-income people to self-sufficiency.</p> |
| <p>4.99 - 4.00 Good Standing</p> | <p>Evidence shows good results based on organizational capacity in administering and operating services and activities to reduce the causes and conditions of poverty and to help move low-income people to self-sufficiency.</p> |
| <p>3.99 - 3.00 Average</p> | <p>Evidence is sufficient to determine average results based on organizational capacity. But the strength of the evidence is limited by the number, quality, or consistency of routine practices in administering and operating services and activities to reduce the causes and conditions of poverty and to help move low-income people to self-sufficiency.</p> |
| <p>2.99 - 2.00 Moderate</p> | <p>Evidence is not sufficient to determine results based on organizational capacity. Evidence is limited in number, quality or consistency in routine practices in administering and operating services and activities to reduce the causes and conditions of poverty and to help move low-income people to self-sufficiency. Deficiencies exist in agency operations or internal controls.</p> |
| <p>1.99 - 1.00 Needs Improvement</p> | <p>Evidence strongly indicates serious deficiencies. Serious deficiencies, as defined by the HHS Office of Community Services, include findings that the agency is not in compliance with federal or State law, or the agency's bylaws; or that the agency has committed fraud, is in financial difficulty, or is not able to provide services.</p> |

Risk Assessment - Report

- Lists Risk Category Scores and Risk Assessment Score
- Provides clarity about which areas to focus on for monitoring, training or technical assistance
- Helps facilitate discussion with CAA



CSBG Risk Assessment Report

Agency Name: _____

Monitor's Name: _____

Date Completed: _____

| Risk Category | Risk Category Descriptions | Risk Category Score |
|------------------------------|---|---------------------|
| Financial Stability | Evaluation of the size and complexity of grant awards and expenditures for each administered program. | 3.50 |
| Management Systems | Evaluation of financial systems, financial capability, and quality of the management systems. | 3.25 |
| Board Compliance | Evaluation of board compliance which includes board governance, compliance, and tripartite board requirements. | 4.20 |
| Past Performance | Evaluation of past grant performance including planned versus actual results related to CSBG funding. | 4.00 |
| Past Monitoring | Evaluation of the monitoring findings. | 3.50 |
| Single Audit Reports | Evaluation of single audit reports related to any material misstatement, findings, and timeliness of the agency's single audit. | 5.00 |
| Leadership & Key Staff | Evaluation of key personnel, leadership experience, staffing changes, and employee capability. | 5.00 |
| Reporting | Evaluation of the agency's timely submission and accuracy for reports, plans, surveys, and statement of expenditures. | 4.00 |
| Complaints | Evaluation of the agency's policies and procedures for addressing customer complaints. | 4.50 |
| Risk Assessment Score | | 4.11 |

Risk Assessment - Report

- Provide specific recommendations based on scores in each category

| T & TA Recommendations: | |
|--|-----------------------------|
| In the space below, provide recommendations for training and technical assistance based on the agency's risk assessment scores in each category. | |
| Risk Category | Recommended T&TA |
| Financial Stability | |
| Management Systems | |
| Board Compliance | |
| Past Performance | |
| Past Monitoring | |
| Single Audit Reports | |
| Leadership & Key Staff | |
| Reporting | |
| Complaints | |

Contacts

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DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT

Jacob R. Day, Secretary
Julia Glanz, Deputy Secretary





RESOURCES

- [State Management Work Group \(SMWG\)](#)
- [Peer Risk Assessment Templates](#)
- [CSBG IM #112 Risk Assessment for FY 2009 ARRA Funds \(States\)](#)

Please scan
here to
complete the
evaluation for
this webinar!



Thank You!!



Hugh Poole
Program Director



Lauren Johnson
CSBG Program Manager