**RISK ASSESSMENT**

Please answer the questions based on your organization’s operations and audit history to the best of your ability. Check the most appropriate response.

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk Criteria** | **Possible Points** | **Points** | **Comments** |
| 1. Does the entity receive at least 10% of total funding from non-Federal sources? | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 2. Does the entity actively seek additional funding? | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 3. Has the entity received ADECA/Energy funds for at least three years? | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 4. Has the entity's turnover rate exceeded 15% since 12 months ago? (Turnover rate = # of employees no longer there/average # of employees for the year) | Yes (2 points) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 5. Has the CEO and/or CFO been in the position for 3 years or less? | Yes (1 point) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 6. Have any other entities (program offices, auditors, staff employed by the entity, etc.) alerted ADECA/Energy to potential risk areas or has another authority (funding source) placed special conditions on its award to the entity? | Yes (3 points) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 7. Has the entity been a defendant in an ongoing civil suit, or one that was adjudicated, within the last five years? | Yes (1 point) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 8. Has any of the entity's current staff been jailed, convicted of a felony, or are they currently under criminal investigation? | Yes (1 point) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 9. Is the entity currently or has it previously been suspended or debarred? | Yes (1 point) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk Criteria** | **Possible Points** | **Points** | **Comments** |
| 10. Does the entity have procedures and controls in compliance with OMB? (Fiscal/Personnel policies and procedures, etc.) | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 11. Was the last audit completed and submitted to ADECA within 9 months from year end? | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 12. If audit findings were cited, does the entity have a corrective action plan for correcting the finding(s)? | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 13. Does the entity have a financial management system that is appropriately complex for the amount of funds it manages and in compliance with OMB? (i.e. QuickBooks, etc.) | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 14. Does the entity provide a budget to actual report by program at board meetings? | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 15. Does the Applicant have a time and accounting system to track effort by cost objective? | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 16. Does the entity have an indirect cost rate that is approved and current? | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 17. Does the entity follow their cost allocation/indirect cost plan? | Yes (0 points) |  |  |
| No (1 point) |  |
| N/A (0 points) |  |
| 18. Are the entity's fiscal statistics outside of tolerance or trends (e.g., have there been more expenditures on supplies than average, little or no cash left after paying bills compared to similar entities)? Note: Compare current assets to current liabilities. | Yes (1 point) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 19. Has the entity been placed in a special financial status (e.g., high-risk, documentation submittal, etc.)? | Yes (3 points) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk Criteria** | **Possible Points** | **Points** | **Comments** |
| 19a. Is the entity in a negotiated repayment plan with ADECA? | Yes (1 point) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 19b. Is the entity current? | Yes (0 points) |  |  |
| No (3 points) |  |
| N/A (0 points) |  |
| 20. Has the entity used special loan or funding programs to meet its cash needs (e.g., line of credit, short-term loan)? | Yes (3 points) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 21. Do the financial reports show an insufficient/negative fund balance after the entity meets its obligations? Note: (Assets+Deferred Outflows) - (Liabilities+Deferred Inflows) = Net Position. Total Net Position should be positive. | Yes (3 points) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 22. Is the entity delinquent in paying any obligations? (Refer to Audit notes) | Yes (3 points) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 23. Is the debt trend increasing or declining? Note: Review previous year's financial statement. | Increasing (3 points) |  |  |
| Decreasing (0 points) |  |
| N/A (0 points) |  |
| 24. What is the entity's "current ratio"? Note: Current Assets/Current Liabilities. A 1:1 ratio means that the entity can just pay its bills. | 1 or above (0 points) |  |  |
| Below 1 (3 points) |  |
| N/A (0 points) |  |
| 25. What is the entity's "debt to net assets ratio"? Note: Total Liabilities/Total Net Assets. Or Assets - Liabilities = Net Assets. This provides information on what the entity owns. | 1 or below (0 points) |  |  |
| Above 1 (3 points) |  |
| N/A (0 points) |  |
| 26. Do the Notes to the Financial Statement and Report of the Independent Auditor disclose any potential financial problems at the entity (e.g., pending lawsuits, outstanding judgments, unsecured loans, etc.)? | Yes (3 points) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 27. Do the loan notes reflect poor financial health (e.g., unusually high interest rates, unusual repayment provisions, etc.)? | Yes (3 points) |  |  |
| No (0 points) |  |
| N/A (0 points) |  |
| 28. Does the independent audit report for the most recent fiscal year contain an unmodified (standard) audit opinion? | Yes (0 points) |  |  |
| No (3 points) |  |
| N/A (0 points) |  |

|  |  |
| --- | --- |
| **Total Points** |  |
| **Risk Classification for entity** |  |

**Notes:**

|  |
| --- |
|  |

|  |  |
| --- | --- |
| **Risk Classification** | **Point Range** |
| Excellent | 0 Points - 5 Points |
| Good Standing | 6 Points - 10 Points |
| Average Risk | 11 Points to 15 Points |
| Moderate Risk | 16 Points - 20 Points |
| High Risk | ≥ 21 Points |

**To the best of my knowledge, the information contained in this risk assessment is accurate. I understand that if this project scores high enough to be considered for funding, documentation to verify this risk assessment will be required.**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **Signature** |  | **Date** |