



Montana Office of Public Instruction

Risk Assessment Framework for sub-recipient monitoring

What is a Risk Assessment?

The Montana Office of Public Instruction (OPI) monitors a risk assessment process to ensure that entities who receive federal funds have an opportunity to annually review key data points related to their fiscal and program practices. While ensuring compliance with CFR §200.332(b), this framework provides a transparent process that gives meaningful feedback to sub-recipients to promote helpful conversations around fiscal processes and improvements.

The framework uses a formula of risk data analysis to determine overall low, medium, or high- risk determinations for sub-recipients of federal funds. The OPI will provide scores to all districts, while providing essential support for any identified as high-risk, with helpful information for any identified as medium risk.

Purpose

The purpose of this assessment framework is to outline a process that is three-fold:

1. To create a mechanism for determining and subgrantees who are at risk of not meeting federal program requirements.
2. To use the results from this mechanism to identify high-risk sub-recipients.
3. To put the high-risk sub-recipients into corrective action and support improvement fiscal practices.

How does it work?

The OPI uses a formula to determine risk level of sub-recipients receiving federal funds. This formula is based on information from all federal programs that a school district participates in using the following criteria:

- Program Assurances (y)
 - Adhering to program timelines and due dates
 - Drawing-down funds regularly
 - Meeting program assurances as outlined in federal applications
- Fiscal performance (completing third-party audits) (z)
- Academic performance (x)

The formula: $x + 3y + 3z = r$ (risk)

Scale: 19-21 = high risk, 12-18 = medium risk, 7-11= low risk

Program and fiscal grant managers submit a 1, 2, 3 rating based on their program rubrics and the sub-recipient's performance for their individual program assurances. These are then calculated to a 1, 2, 3 for program assurance which is then put into the formula for calculation of overall risk, with the fiscal audit and academic performance data points.

Next Steps

Once calculations are completed, the OPI will notify all sub-recipients of their risk assessment score. Those with a high risk will have special conditions outlined in their letter. See The [Montana State and Federal Grants Handbook](#), section 600, for more information.

