**Risk Assessment Questionnaire – Guidance Document**

The purpose of this document is to provide an overview of using the Risk Assessment Questionnaire (RAQ) and the intent behind some of the questions. Please note using this questionnaire is not mandatory. It is not designed to be prescriptive in how your institution will determine or manage risk, nor does it represent every possible scenario. The RAQ focuses on federal and federal flow-through funds but could be used to assess risk of subrecipients regardless of funding source. It is a tool to assist a pass-through entity (PTE) with determining the risk of a subrecipient, and should not be recycled as a questionnaire to send to a subrecipient to complete. Use of the RAQ does not guarantee a clean audit.

The working group encourages the use of the FDP Subaward ListServ (FDPSUBAWARD-L@LSW.NAS.EDU) as a resource for feedback from other research administrators on more atypical scenarios.

The RAQ is organized into four separate sections: Threshold Questions, Other Considerations, Institutional Questions, and Project Specific Questions.

The Institutional Questions and the Project Questions are scored independently. This is intentional as there could be an instance where the risk of issuing an agreement to a subrecipient is determined to be very low, but the project is determined to be very high risk or vice versa. The working group felt that these scores should not be averaged together in an overall score as the subaward’s language and risk mitigation plan should address the specific areas of risk.

**Threshold Questions**

These questions are intended to quickly identify the highest risk candidates: debarred or suspended, lack of COI policy, and the existence or not of an established accounting system, and acceptable procurement system. “Yes” answers should prompt your institution to carefully evaluate its ability to issue and successfully manage a project with that subrecipient. The working group felt that each of these questions was important enough to consider on its own merit.

**Other Considerations**

The questions included in this section are intended to assess risk that may or may not result in additional language in the subaward, depending upon your institutional policies. This section can also be used as a historical record of what considerations were made when issuing an agreement.

**Institutional Questions (Scored)**

These questions focus on institutional characteristics and are independently scored. For institutions that receive $750,000 or more in federal funds, this institutional score should be static during the year, but may change after their single audit has been completed. For institutions under the $750,000 threshold, this number may change during the year. Some of these questions are similar to those in other sections. For example, the question related to COI in this section is trying to evaluate the institution’s experience with COI, not just if they have a compliant policy (where compliant policy may depend on the sponsor/specific project).

**Project Questions (Scored)**

These questions focus on the characteristics of the project and are independently scored. Again, some are similar to prior questions. For example, Question #28 related to place of performance in this section is trying to evaluate the risk of a project being awarded to a domestic institution, but where the research may be performed in a foreign country, or where the work is being performed outside of their institution.

Question #22 is intended to provide guidance regarding the type of sponsor and the challenges of adhering to sponsor guidelines. An example of a more stringentsponsor would be one that may require nonstandard reporting (technical and/or financial), frequency and/or required detail. An example of a very stringent sponsor would be one that has nonstandard reporting requirements (technical and/or financial), frequency and/or required detail, extreme prior approval requirements for any award changes and/or any deliverable requirements that may necessitate manual preparation of information.

**Scoring Methodologies**

Institutions should devise a methodology for using the scores to assess risk that works with their institutional culture. The working group recognizes that institutions have different types of projects and types of subrecipients, and believes that institutions should be free to adjust the scores, the actions taken to mitigate risk, and the questionnaire overall. What one institution considers low risk, another may consider high risk. Please note that these scores are not intended to be best practice cutoffs (minimums) nor absolute maximums. To assist institutions in getting started on the risk assessment process, two examples of possible scoring methodologies are presented below.

**Simple Scoring Methodology**

Some institutions may review their subaward scores and decide upon fixed thresholds for determining risk pools. For instance, a medium risk subaward might be one with an institutional score of at least 8 or 9, or a project score of at least 12 or 13. A total score in the upper 20s might constitute a high risk subaward. Some institutions may have only two risk pools (low and high), and some may have more than three.

**Complex Scoring Methodology**

One institution has implemented a scoring methodology based on a formula. Their methodology is described below as an example of a complex methodology.

Medium risk is set by the institutional and project thresholds. The thresholds are calculated as the mean plus the average deviation from the mean of the institution’s scores from the previous twelve months. The Excel formula for this calculation is AVERAGE(range)+AVEDEV(range).

High risk is set by the total score threshold. The threshold is calculated as the mean plus twice the average deviation from the mean of the institution’s scores from the previous twelve months. The Excel formula for this calculation is AVERAGE(range)+(AVEDEV(range)\*2).

Thresholds are then reset every six months. The first thresholds set by this institution were 8 (institutional score) and 13 (project score) for medium risk, and 28 (total score) for high risk.