**Section 7000.340 Grantee Risk Assessments – Financial and Administrative (ICQ) and Programmatic**

a) The UR identifies the risk assessment as a pre-award requirement (2 CFR 200.206(b)(1)).

b) Formula-funded, federally mandated, and legislatively mandated awards are subject to risk assessment unless the terms of funding explicitly exclude a risk assessment. A risk assessment exception must be approved by GATU and recorded in the CSFA pursuant to Section 7000.60.

c) Risk Posed by Applicants

1) Review of Existing Recipient Information

A) For a grant applicant who is a prior awardee, the State awarding agency shall review available information on the awardee's prior performance. The evaluation may incorporate results of the evaluation of the applicant’s eligibility or the quality of its application.

B) The State awarding agency shall look for information that demonstrates a satisfactory record of executing programs or activities under federal or State-issued awards, cooperative agreements, or procurement awards, as well as integrity and business ethics.

C) The State awarding agency may issue a grant to an awardee that does not fully meet these standards if it determines that the nonattainment is not relevant to the current State-issued award under consideration or there are specific conditions that can appropriately mitigate the effects of the applicant's risk.

2) In evaluating risks posed by applicants, the State agency must use a risk-based approach that considers, at a minimum, the following criteria (2 CFR 200.206(b)):

A) Financial stability;

B) Management systems and standards;

C) History of performance.

D) Audit reports and findings; and

E) The applicant's ability to effectively implement requirements.

3) If the State awarding agency determines that a State-issued award will be issued notwithstanding the risks posed, the agency shall establish in the Grant Agreement specific conditions, corresponding to the degree of risk assessed, that reduce this risk.

d) There are 2 types of risk assessments: Financial and Administrative Risk Assessment and Programmatic Risk Assessment.

1) Financial and Administrative Risk Assessment. An automated Internal Control Questionnaire (ICQ) is used to review past performance of fiscal and administrative conditions and organization-level program delivery on prior awards and the applicant's ability to conform with federal and State statutory requirements. The ICQ centralizes the fiscal and administrative and organization-level program risk assessment.

A) An entity is required to complete the ICQ once annually. All State agencies use the ICQ results.

B) The ICQ is a pre-award requirement. The timing of the ICQ depends on when the entity applies for State fiscal year funding.

C) The entity initiates the ICQ from the Grantee Portal (www.grants.illinois.gov/portal).

D) ICQ automation scores the questionnaire and assigns suggested specific conditions in response to the risk profile.

E) The State Cognizant Agency approves the risk profile and the subsequent specific conditions. All agencies issuing awards to the entity will apply the specific conditions resulting from the ICQ risk assessment.

F) Local governmental agencies that register and prequalify separately from the controlling local government must complete the ICQ at the agency level.

i) Governmental agencies must have a unique DUNS number or Unique Entity Identifier, as applicable, but the same FEIN as the highest level of local government to be eligible to register separately.

ii) Separate ICQs may be appropriate if governmental agencies are independent in their fiscal and administrative responsibility and reporting structure.

iii) Specific conditions described in subsection (e) would apply to each ICQ.

2) Programmatic Risk Assessment. Program-specific risk assessments evaluate the entity's ability to successfully carry out the terms of a specific program. The assessment is conducted using the GATU-prescribed program-specific risk assessment job aid.

A) With the program-specific job aid, the awarding State agency considers both the ICQ responses regarding the organization-level programmatic questions and the content of the application submission.

B) The State awarding agency scores the completed program-specific job aid and applies specific conditions in response to the risk profile.

C) The State awarding agency approves the risk profile and the subsequent specific conditions. The specific conditions are applied to the Grant Agreement.

e) Specific Conditions

1) Within the Grant Agreement, the State awarding agency shall impose additional specific grant conditions when:

A) It determines, pursuant to subsection (d), that the applicant presents a significant amount of risk resulting from a significant deficiency or material weakness identified by the pre-award process;

B) An applicant or recipient has a history of failure to comply with the general or specific terms and conditions of a State-issued award or federal award;

C) An applicant or recipient fails to meet expected performance goals described in the Grant Agreement; or

D) An applicant or recipient is otherwise judged to be not responsible.

2) Additional State-issued award conditions may include items such as the following:

A) Requiring payments as reimbursements rather than advance payments;

B) Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within any timeframes established by the Grant Agreement;

C) Requiring additional, more detailed financial reports;

D) Requiring additional project monitoring;

E) Requiring the awardee to obtain technical or management assistance; or

F) Establishing additional prior approvals.

3) The State awarding agency will use the NOSA process as required in Section 7000.360 to notify the applicant regarding specific conditions as follows:

A) The nature of the additional requirements;

B) The reason why the additional requirements are being imposed;

C) The nature of the action needed to remove the additional requirements, if applicable;

D) The time allowed for completing the actions, if applicable; and

E) The method for requesting reconsideration of the additional requirements imposed.

4) In response to an awardee's request to remove a specific condition, the applicable State awarding agency will remove any specific conditions promptly once the agency Director or designee determines that the issues have been corrected.

A) If the specific condition pertains to the ICQ risk assessment, the request must be reviewed by the State Cognizant Agency. The State Cognizant Agency shall determine if the implemented corrective action is sufficient and shall use the State Staff Inquiry Screen to remove the condition, if applicable.

B) If the specific condition pertains to a programmatic risk assessment or the merit-based review, the request must be reviewed by the State awarding agency that issued the condition. The agency that issued the condition will determine if the implemented corrective action is sufficient and use the State Staff Inquiry Screen to remove the condition, if applicable.

(Source: Amended at 47 Ill. Reg. 7893, effective May 26, 2023)