**High-Risk Grantee Policy**

**Overview**

This policy pertains to the identification of high-risk grantees, the imposition of special conditions or restrictions and the notification to grantees of their high-risk status.

**Identification as a High-Risk Grantee**

45 CFR §2541.120 and 2543.14 allows awarding agencies to identify a grantee as “high-risk” based on certain identified criteria and to impose special award conditions or restrictions in awarding grants to high-risk grantees. A grantee may be considered high risk if it is determined that the grantee:

* Has a history of unsatisfactory performance;
* Is not financially stable;
* Has a financial management system that does not meet the prescribed standards;
* Has not conformed to the terms and conditions of a previous award; or
* Is not otherwise responsible

History of unsatisfactory performance

The grantee has failed to comply with the terms and conditions of current or prior awarded grants, including non-AmeriCorps grants. Examples of unsatisfactory performance might include, but are not limited to, failure to carry out grant activities in accordance with the approved grant application or authorizing program statute; failure to carry out the grant in accordance with the approved timeline; and failure to meet the required performance measures that demonstrate program effectiveness.

Not financially stable

The grantee has been determined to be financially unstable according to the following:

* Negative fund balance
* Persistent declines in revenues (i.e., expenditures exceed revenues for three years)
* Auditor’s opinion is a going concern or is a disclaimer
* No annual financial audit submitted

Financial management system does not meet federal standards

Financial management systems may be determined to not meet standards in accordance with the following:

* Noncompliance with 45 CFR §2541.200 and 2 CFR 2543.20, which relate to the standards for financial management systems
* A documented pattern of suspect expense reports, such as monthly reporting of exactly the same amount
* Failure to submit the most recent (i.e. for the immediate prior fiscal year) annual audit report in the time and manner request
  + Note 1: Upon sending first notice of high-risk status, if the grantee does not submit the audit report within 30 days, OneStar will proceed with enforcement actions in accordance with the Grant Terms and Conditions.
  + Note 2: Failure to submit more than one annual audit report (i.e., the grantee has not submitted the last two or more audit reports) will result in an enforcement action in accordance with the Grant Terms and Conditions.
* Failure of supporting documentation for expenditures to demonstrate that the grantee has properly accounted for grant funds by fund/source
* Inability of grantee to produce copies of invoices, receipts, travel documentation, etc., when requested by OneStar.

Has not conformed with the terms and conditions of the grant

Failure to conform to the terms and conditions of the grant may include, but is not limited to, failure to submit timely expenditure reports, program related progress reports, program evaluation reports or any other compulsory reporting requirements for the grant. Failure to conform may also include documented failure to comply with any term or condition of the approved grant award, such as a program requirement, provision, assurance or any other requirement as stipulated by OneStar.

Otherwise not responsible

Other documented evidence that the entity is not responsible may include but is not limited to delinquency in submitting the required financial or programmatic reports; evidence that the grant program is not being implemented in accordance with the approved application; evidence that the grantee is not spending funds on costs approved in the application, and evidence the grant program is not being properly managed.

**Special Conditions or Restrictions**

OneStar may impose the following types of conditions or restrictions on high-risk grantees:

Requirement that evidence be provided of an acceptable performance within a given funding period.

Evidence of successful performance may be required before awarding a new or continuation grant.

Requirement for additional, more detailed financial reports

The grantee may be required to provide, at a minimum, the appropriate general ledger and payroll ledger (if payroll costs were incurred for the grant) for the expenditure period, and/or copies of all source documentation, including but not limited to purchase orders/requisitions, invoices, receipts, and travel vouchers.

Additional project monitoring

Additional project monitoring may include, but is not limited to, the following:

* The grantee may be required to provide monthly or quarterly progress/activity reports to its assigned OneStar Program Impact Specialists. OneStar may also require weekly or monthly updates, as necessary, from the grantee via email or phone or any combination of those.
* The grantee may receive an on-site monitoring visit from OneStar.

Requirement that grantee obtain technical or management assistance.

As a condition of receiving the grant, OneStar may require the grantee to agree to obtain the appropriate technical assistance or management assistance as it relates to the specific problem OneStar has identified. For example, hiring or contracting with an experienced program director or CPA or attending training or other technical or management assistance as designated by OneStar.

Additional prior approvals

OneStar may require additional prior approvals. For example, the grantee must receive specific approval from OneStar for each item of expenditure prior to expending funds for that particular item.

Other conditions/restrictions

Depending on the specific circumstances, OneStar may impose other appropriate and legally available special conditions or restrictions.

**Notification to Grantee of High-Risk Status**

Grantees must be notified of their high-risk status, as well as any associated special conditions, in writing. Pursuant to federal regulation, 45 CFR §2541.120 and 45 CFR 2543.14, the written notification must describe the nature of the conditions/restrictions, the reason they were imposed, the corrective action that must be taken before they will be removed, and the time allowed for the corrective action. Notification will also include the method of requesting reconsideration of the imposed conditions/restrictions.