



Tuesday Tips is a new outreach effort by OGCA. The idea behind *Tuesday Tips* is to convey tips, tricks and other helpful information around the area of research administration. Our goal is to post on (almost every) Tuesdays. If there is something you would like to see covered on *Tuesday Tips*, email: UAF-GCReATE@alaska.edu. For more Tips visit [OGCA website](#).

Risk Assessment and Risk Management

Financial Auditors as well as Agency Management Oversight Officials increasingly have been adopting risk assessment techniques in service of their stewardship responsibilities. Risk factors used within a data analytic framework allow oversight officials to identify potential areas of non-compliance with the compendium of policies that apply to federal financial assistance awards. Recurring instances of non-compliance that are observed across awardees offer an opportunity for federal sponsors to clarify policies and develop targeted outreach and training activities for the awardee community.

The identification of risk factors does not add new compliance requirements to awards, for researchers, or for OGCA. It does highlight the importance of understanding federal, sponsor, award-specific and university policies and requirements, to ensure the exercise of professional judgment, due diligence, as well as, proper stewardship across all phases of the proposal and award continuum.

That UAF uses this approach is additional evidence to oversight officials and auditors of the seriousness we bring to our stewardship responsibilities. How does this work in practice?

Pre-award

- OGCA, Department/Unit business offices and Principal Investigators should review the proposal and budget to ensure both a realistic budget, and proper costs, is being proposed.
- Cost categories like travel, participant support and administrative support have specific requirements; be sure the project can comply.
- Unless required by the solicitation, cost sharing, in any form, should not be included.
- The timeline should be realistic, and well justified, based on the PI's discipline-based experience.
- If any of the above are an issue the Department/Unit business offices and PI should work to revise or justify costs, as needed.

Post-award

- An example of post-award risk management in action relates to OGCA's review of grant invoices.
- We don't review 100% of the transactions, costs and/or documentation presented for payment.
- However, using a risk-asset framework, we have identified factors we apply to requests for payments to judgmentally sample invoices and apply additional scrutiny to the supporting documentation associated with the sampled invoices.
- Risk factors include: type(s) of award/funding instrument; amount of award; sponsor; discipline; late purchase(s); repeated delinquent reporting.
- Additionally, specific types of costs that are known to be questioned by auditors and oversight officials are sampled, e.g., participant support, travel, consultants, sub-awardees, clerical and administrative costs.
- This approach allows UAF to obtain reasonable assurance that costs are allowable, allocable, and being treated consistently.
- Should such review result in questions, UAF engages in more intensive inquiry and takes appropriate action(s).
- Such actions may include a determination of allowability or may result in cost disallowances and adjustments to the invoice/award in question.
- The results of our risk assessment, with information from outside oversight officials, including federal sponsors and auditors, is analyzed to assess risk. Monitoring is a periodic review of established procedures and any specific follow up inquiries will likely be performed by the supervisor of the

individual responsible for the activity. The University Alaska Statewide Office of Audit and Consulting Services reviews and tests compliance with procedures. This is supplemented by external oversight activities. In the case of sponsored research projects, these supplementary oversight activities include sponsor monitoring visits, require uniform guidance single audits, and audits conducted by the federal agency's Inspector General. *ALL institutions, must have in place policies and procedures on internal controls.* These internal control policies and procedures must be clear and easily accessible. Having policies in place for internal controls includes both the financial and accounting processes of an institution, as well as, program, operational, and administrative areas. Internal controls at an institution help to determine any material weaknesses which can be included in its annual financial statement audit.

Additional information can be found at:

[Office of Grants and Contracts Administration](#)

[University Alaska Statewide Office of Audit and Consulting Services](#)