



National Aeronautics and
Space Administration
Washington, DC 20546

Grant Information Circular

GIC 20-04

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PURPOSE: To inform NASA Shared Services Center (NSSC) Grant Officers of a new policy requiring that the pre-award risk assessment tool to be utilized prior to issuing any new grants or cooperative agreements starting October 1, 2020.

BACKGROUND: In an effort to reduce waste, fraud, and abuse and mitigate potential risks stemming from the issuance of grants and cooperative agreements, NASA has developed a new pre-award risk assessment policy, pre-award risk assessment tool (PARA Tool), and pre-award risk assessment standard operating procedure (SOP). NASA's Fiscal Information Form (FIF), previously only used for contracts, has also been updated to facilitate data collection during the risk assessment process. The policy outlines when a risk assessment should be conducted, the risk assessment methodology, how risk determinations are developed, and how risk assessments are related to post-award monitoring. The PARA Tool provides a set of 25 risk assessment questions that, when answered, produce a risk assessment score and determination for the award recipient. The Tool also includes detailed instructions for completing the risk assessment, and it provides guidance on how the risk determination should inform post-award monitoring. The risk assessment SOP provides guidance on how the Tool should be integrated into the award lifecycle and how risk determination data should be recorded.

This new policy provides NASA with a more robust risk assessment process and ensures full compliance with risk assessment requirements in 2 CFR §200.205. The new risk assessment policy is presented in full below. The policy will also be incorporated into NASA's Grant and Cooperative Agreement Manual (GCAM) the next time the document is updated. The PARA Tool, risk assessment SOP, and Fiscal Information Form can be found on the Grants Policy and Compliance Branch's Max.gov website.

EFFECTIVE DATE: This GIC is effective October 1, 2020.

REGULATION OR TERM AND CONDITION CHANGES: None.

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Pre-award Risk Assessment Policy

1. Overview

In accordance with 2 CFR 200.205, NASA requires that Grant Officers or risk assessors conduct a risk assessment for each award applicant prior to making an award to that entity. The purpose of a risk assessment is to determine a potential federal award recipient's risk of fraud, waste, and abuse when managing and expending federal funds. NASA requires that the risk assessment be conducted for all award recipients regardless of award amount utilizing the Pre-Award Risk Assessment (PARA) Tool, which can be located on NASA's Grant Policy and Compliance Max.gov website. The tool consists two primary components: 1) An entity-specific risk assessment that includes a range of evaluation questions pertaining to an applicant's administrative, programmatic, and financial management capabilities, and 2) an award-specific risk assessment that includes evaluation questions pertaining to a specific award. In addition to determining a recipient's risk, the tool is also used to inform the level of post-award monitoring required for a recipient.

NASA requires that risk assessments utilize data from multiple government-wide repositories such as the System for Award Management (SAM.gov), the Contractor Performance and Assessment Reporting System (CPARS), the Federal Audit Clearinghouse (FAC), USAspending.gov, and Grants Solutions Recipient Insight. Additional internal data collection systems and the NASA Fiscal Information Form shall also be used to collect information on the applicant entity's financial management capabilities and internal controls.

2. Risk Assessment Methodology

NASA conducts a pre-award risk assessment using a series of risk evaluation questions in the PARA Tool. The evaluation questions assess an applicant's administrative risk profile, history of performance and compliance, and financial controls and capabilities in compliance with 2 CFR 200. The evaluation questions are grouped into three (3) categories: Administrative, Programmatic & Compliance, and Financial.

- **Administrative Questions:** These questions pertain to the recipient's organizational type, size, prior experience managing federal awards, and complexity of awards managed.
- **Programmatic & Compliance Questions:** These questions pertain to the recipient's prior findings on single audits and financial statement audits.
- **Financial Questions:** These questions pertain to the amount of federal funding an award recipient manages.

Risk categories and the evaluation questions in each category are weighted and assigned a numerical score based on the risk assessor's response. Once all evaluation questions have been answered, the tool automatically generates a risk determination, and this risk determination informs the type and extent of post-award monitoring activities implemented.

3. The Pre-Award Risk Assessment Tool

The PARA Tool consists of multiple components (tabs) in a Microsoft Excel document. Two key components are the entity-specific risk assessment and the award-specific risk assessment. The entity-specific risk assessment contains evaluation questions to address the full set of NASA risk assessment criteria. The award-specific risk assessment contains fewer evaluation questions that focus on award-specific risk indicators.

NASA requires completion of the entity-specific risk assessment at least once every three calendar years for each recipient organization regardless of award amount. The result of the entity-specific risk assessment will apply to all awards issued to that entity over the three years in which that assessment is valid. If an entity-specific risk assessment has been completed for an entity within the past three calendar years, then NASA requires that only an award-specific risk assessment be conducted prior to issuing each new award. The risk scores resulting from the entity- and award-specific assessments will then be combined to produce the overall risk determination that will guide post-award monitoring for the new award being issued. Grant Officers must maintain a copy of the completed PARA Tool in each award's official award file. If post-award monitoring suggests that the risk determination should be revised, then risk assessors or a Grant Officer may revise the risk determination at any time.

4. Risk Assessment Procedures and Risk Determination

The PARA Tool contains instructions for completing the entity-specific and award-specific risk assessment tabs within the tool. The entity-specific assessment tab contains a set of evaluation questions to address the administrative, programmatic, and financial management-related risk assessment criteria. The NASA risk assessor is required to select the appropriate response to each evaluation question, which in turn calculates the applicant's entity-specific risk score based on NASA's risk tolerance. Once the entity-specific assessment has been completed, the assessor must complete the award-specific assessment, which produces an award-specific risk score. The scores from the entity- and award-specific assessments are then added, and the PARA Tool generates an overall risk determination. The determination will indicate that the recipient falls into one of three risk tiers:

Risk Tier	Risk Score Percentage	Risk Status
Tier 1	0% - 50%	Low
Tier 2	51% - 80%	Medium
Tier 3	81% - 100%	High

Tier 1

The following characteristics describe an applicant designated Tier 1:

- The applicant and programmatic profile (e.g., legal entity type, period of performance, award instrument type, and/or funding amount) may contain some complexity; however, the applicant has a history of managing federal awards and/or history of past programmatic compliance.
- The applicant has financial capabilities and financial management systems that meet the standards set forth in 2 C.F.R. Part 200 (Subpart D-Post Federal Award Requirements).

- Tier 1 applicants pose minimal to no risk to NASA; however, for all Tier 1 recipients, NASA requires routine post-award monitoring.

Tier 2

The following characteristics describe an applicant designated Tier 2:

- The applicant and NASA program profile (e.g., legal entity type, period of performance, award instrument type, and/or funding amount) may contain some complexity; however, the applicant has a history of managing federal awards and/or history of past programmatic compliance.
- The applicant has existing but minimal financial controls that do meet some but not all requirements of standards set forth in 2 C.F.R. Part 200 (Subpart D-Post Federal Award Requirements).
- Tier 2 applicants do not pose a critical risk or threat to NASA; however, for all Tier 2 recipients, NASA requires routine monitoring and/or additional terms and conditions. These may be determined and applied based on Grant Officer discretion (examples of Special Conditions include):
 - Quarterly progress reports submission in addition to the annual progress report submission.
 - Financial supporting documentation upon request of funds drawdown.

Tier 3

The following characteristics describe an applicant designated Tier 3:

- The applicant and NASA program profile (e.g., legal entity type, period of performance, award instrument type, and/or funding amount) is more complex than the average NASA federal award.
- The applicant has a history of unsatisfactory performance and failure to comply with programmatic requirements of a federal award.
- The applicant has a management system that does not meet the standards set forth in 2 C.F.R. Part 200 (Subpart D-Post Federal Award Requirements).
- The applicant demonstrates financial instability through findings, unresolved findings, or an adverse/disclaimer audit opinion. For all Tier 3 recipients, NASA requires routine monitoring and/or additional terms and conditions. These may be determined and applied based on Grant Officer discretion (examples of Special Conditions include):
 - Quarterly progress reports submission in addition to the annual progress report submission.
 - Financial supporting documentation upon request of funds drawdown.