



**STATE OF WASHINGTON  
HEALTH CARE AUTHORITY**

626 8th Avenue, SE • P.O. Box 45502 • Olympia, Washington 98504-5502

May 24, 2023

Dear Tribal Leader:

**SUBJECT: Indian Nation Agreement Desk Monitoring Activities FY22-FY23 (July 1, 2021 – Date of Review)**

In accordance with (A) section 724(a)(4)(B)(ii)(II) of the Indian Health Care Improvement Act (25 U.S. Code § 1667c), (B) chapter 43.376 RCW regarding collaboration with Tribes, and (C) the Health Care Authority Tribal Consultation and Communication Policy, the Health Care Authority (HCA) hereby seek your advice on the following matter.

**Purpose**

HCA's Office of Tribal Affairs (OTA) intends to finalize a risk assessment form to be utilized with Tribal and urban Indian organization (UIO) subaward agreements. Per Part 2 CFR 200.332(b), "federal award recipients must evaluate each subrecipient's risk of noncompliance with Federal statutes, and regulations, and the terms and conditions of the subaward for the purposes of determining the appropriate subrecipient monitoring." To ensure full compliance with federal regulations, HCA will conduct a risk assessment for each subaward, and HCA is seeking input from Tribal governments on the risk assessment form that will accompany subaward agreements.

Enclosed is the Risk Assessment tool that the HCA-OTA is intending to use for INA and UIO subrecipients. OTA intends to complete Risk Assessments for the INAs at the start of the fiscal year (FY) 24 year.

HCA has reserved the following dates and times for a workgroup, Tribal Roundtable and Tribal Consultation: Please share these meetings with accounting, grants and contracts, legal, and program staff involved in the INA:

**Meeting: Workgroup #1** – June 15, 2023 – 11:00am-12:30pm -  
<https://us02web.zoom.us/j/81443788266>

**Meeting: Roundtable #1** – June 22, 2023 – 11:00am-12:30pm-  
<https://us02web.zoom.us/j/81134442688>

**Meeting: Consultation** – June 28, 2023 – 11:00am-12:30pm-  
<https://us02web.zoom.us/j/85796171353>

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### Comments and Questions

HCA would appreciate any input or concerns that Tribal representatives wish to share regarding the risk assessment and risk assessment process. To return any comments, please contact Lucilla Mendoza, Tribal Behavioral Health Administrator, via email at [lucilla.mendoza@hca.wa.gov](mailto:lucilla.mendoza@hca.wa.gov).

Please contact Aren Sparck, Tribal Affairs Administrator, via email at [aren.sparck@hca.wa.gov](mailto:aren.sparck@hca.wa.gov), if you have additional comments or concerns.

Please forward this information to any interested party.

Sincerely,



Aren Sparck  
Tribal Affairs Administrator  
Office of Tribal Affairs

Enclosure

By email

cc: Keri Waterland, Division Director, DBHR, HCA  
Lucilla Mendoza, Tribal Behavioral Health Administrator, OTA, HCA  
Rachelle Amerine, Compliance & Oversight Manager, DPI, HCA

## **Risk Assessment and Monitoring Plan Instructions: Indian Nations and Urban Indian Organizations**

### New Agreement/Contract:

- Complete the entire form and send the completed form to HCA Contracts with your approved Good and Services Request (GSR) when you request a new Indian Nation Agreement (INA) or Urban Indian Organization (UIO) contract.

### INA Amendment/UIO Contract Amendment:

- Complete this form for the first time by July 1, 2023. Thereafter, complete any risk assessments for an Indian Nation or UIO either (a) in conjunction with any regular desk review process or (b) at minimum, at least once every two years.
- This form may be completed again prior to the desk review process for the following reasons:
  - a. Submit an INA and UIO risk assessment when there are significant changes at the Indian Nation that warrant an updated risk assessment. Examples of significant changes include, a new INA/UIO contract is being created or there have been significant changes in contract compliance in the past year.

### Subrecipient Risk Assessment

To complete the Subrecipient Risk Assessment section, assess each area as low, medium, or high risk based on the factors for each category. Then calculate the total risk score from the five areas. For the calculation an area with Low Risk = 1, Medium Risk = 2, and High Risk = 3. The possible risk score ranges from 5 – 15.

The risk score will provide an overall risk assessment for the subrecipient based on the following scale:

**Total risk score:**

**Low Risk = 5 - 8**

**Medium Risk = 9 - 12**

**High Risk = 13 - 15**

For example, a subrecipient with three low risk areas, one medium risk area, and one high risk area would score 10 (1 +1 +1 +2 +3). This would result in an overall medium risk assessment based on the total risk score scale.

### Monitoring Plan

Use the overall risk assessment determined above to identify the level of monitoring needed in the Monitoring Plan section. There are six monitoring plan categories.

1. Review Financial and Performance Reports.
2. Federal Award Monitoring Report Deficiencies.
3. Audit Findings Management Decision
4. Training and Technical Assistance
5. Desk Reviews
6. Develop agreed upon procedures

Enter the overall risk assessment in each monitoring category except for categories Federal Award Monitoring Report Deficiencies, and Audit Findings Management Decision.

- For Federal Award Monitoring Report Deficiencies, enter the risk determination identified in the Subrecipient Risk Assessment area Results from a Federal Awarding Agency.
- For Audit Findings Management Decision, enter the risk determination identified in the Subrecipient Risk Assessment area Results of previous Single Audits.

All other categories will have the same determination of low, medium, or high as determined by the total risk score. Conduct the monitoring activities identified by the results of the risk assessment.

Suggest adding a method to score the results, either with the tables below (see added "Score" column) or in a table at the bottom of the risk assessment (see below.)

**Monitoring Plan Completed By:**

**Date of Completion:**

**Subrecipient Risk Assessment**

<b>Subrecipient's Prior Experience with the Same or Similar Subawards</b>		<b>Score</b>
<input type="checkbox"/> Low (1)	Subrecipient has significant prior experience with similar subawards including direct grants from the Substance Abuse and Mental Health Services Administration (SAMHSA (more than 3 years)	
<input type="checkbox"/> Medium (2)	Subrecipient has some experience with similar subawards including direct grants from SAMHSA (3 years or less).	
<input type="checkbox"/> High (3)	Subrecipient has minimal experience with similar subawards including direct grants form SAMHSA (2 years or less).	

<b>Results of previous Single Audits</b>		<b>Score</b>
<input type="checkbox"/> Low (1)	Single Audit report was conducted timely with no findings.	
<input type="checkbox"/> Medium (2)	Single Audit report was conducted timely with minimal findings; or Single Audit Report was not conducted timely and had no findings.	
<input type="checkbox"/> High (3)	Single Audit Report was conducted timely with findings for the HCA programs or general administration sections.	

<b>Subrecipient administrative systems</b>		<b>Score</b>
<input type="checkbox"/> Low (1)	Subrecipient does not have new personnel and has not substantially changed systems.	
<input type="checkbox"/> Medium (2)	Subrecipient has new personnel, but systems have not substantially changed; or subrecipient has new systems, but personnel are the same.	

<input type="checkbox"/> High (3)	Subrecipient has new personnel and significant changes in systems.	
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<b>Results from a Federal Awarding Agency (If applicable – see 2 CFR 200.332(b)(4) below)</b>		<b>Score</b>
<input type="checkbox"/> Low (1)	Subrecipient does not have concerns reported in a federal awarding agency monitoring report.	
<input type="checkbox"/> Medium (2)	Concerns were documented in a federal awarding agency monitoring report, but no corrective action plans are documented.	
<input type="checkbox"/> High (3)	Concerns were documented in a federal awarding agency monitoring report and corrective action plan was developed.	

<b>Funding Utilization</b>		<b>Score</b>
<input type="checkbox"/> Low (1)	Spending reported timely; spending pattern is appropriate for the program.	
<input type="checkbox"/> Medium (2)	Spending pattern not reported timely and/or spending pattern includes under or overspending with justification.	
<input type="checkbox"/> High (3)	Under spent or overspent without justification or plan for adequate service provision	

<b>Risk assessment results</b>	<b>Score</b>
<b>Subrecipient’s Prior Experience with the Same or Similar Subawards</b>	
<b>Results of previous Single Audits</b>	
<b>Subrecipient administrative systems</b>	
<b>Results from a Federal Awarding Agency</b>	
<b>Funding Utilization</b>	
<b>Total:</b>	

<b>Total Risk Score – Overall Risk Assessment</b>	
<input type="checkbox"/> Low	5-8 points
<input type="checkbox"/> Medium	9-12 points
<input type="checkbox"/> High	13-15 points

## Monitoring Plan

<b>Review Financial and Performance Reports</b>	
<input type="checkbox"/> Low	<ul style="list-style-type: none"> <li>Review invoices and performance programmatic reports, reconcile annually to ensure payments are in compliance with all regulations, laws, and provisions of the award. Do not withhold payments.</li> </ul>
<input type="checkbox"/> Medium	<ul style="list-style-type: none"> <li>Review invoices and performance programmatic reports quarterly to ensure payments are in compliance with all regulations, laws, and provisions of the award, reconcile quarterly. Do not withhold payments.</li> </ul>
<input type="checkbox"/> High	<ul style="list-style-type: none"> <li>Review invoices and performance programmatic reports and ensure they align with invoices for payment. Withhold payment if necessary.</li> </ul>

<b>Federal Award Monitoring Report Deficiencies – Same level as Results from a Federal Awarding Agency</b>	
<input type="checkbox"/> Low	No action needed on deficiencies or no deficiencies.
<input type="checkbox"/> Medium	Request information on monitoring deficiencies. Document when deficiencies are resolved.
<input type="checkbox"/> High	Monitor compliance with deficiencies and develop a corrective action plan activity.

<b>Audit Findings Management Decision – Same level as Results of previous Single Audits</b>	
<input type="checkbox"/> Low	No action needed due to no SAR findings.
<input type="checkbox"/> Medium	Findings were for other agencies.
<input type="checkbox"/> High	Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the Indian Nation or UIO from HCA as required by § 200.521.

<b>Training and Technical Assistance</b>	
<input type="checkbox"/> Low	No training or technical assistance needed unless requested. Check in as needed.
<input type="checkbox"/> Medium	Offer general or one-time training and technical assistance on issues related to the INA or UIO contract. Meet quarterly.
<input type="checkbox"/> High	Host multiple training and technical assistance events. Meet monthly or weekly.

<b>Desk Reviews</b>	
<input type="checkbox"/> Low	No desk review is needed on a regular basis.
<input type="checkbox"/> Medium	Conduct programmatic desk reviews every two years. Conduct fiscal audit review when there are complaints, or a risk of fraud exists.
<input type="checkbox"/> High	Conduct bi-annual desk review including fiscal audit sample (1 quarter) review.

<b>Develop agreed upon procedures</b>	
<input type="checkbox"/> Low	No additional procedures are needed.

<input type="checkbox"/> Medium	Add additional minor procedures. Examples include, create a performance improvement plan, meet regularly at longer frequencies.
<input type="checkbox"/> High	Add significant additional procedures: Examples include, request and follow a corrective action plan, establish frequent meetings to discuss agreements/contract deliverables, communicate with Tribal elected leadership and executive level staff within the Tribe, establish formal communications via DTLL for compliance concerns.

### Background and References

CFR Reference	CFR Content
2 CFR 200.332(b) – Subrecipient Risk Assessment	<p>(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in <a href="#">paragraphs (d) and (e)</a> of this section, <b>which may include</b> consideration of such factors as:</p> <ol style="list-style-type: none"> <li>(1) The subrecipient's prior experience with the same or similar subawards;</li> <li>(2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with <a href="#">Subpart F of this part</a>, and the extent to which the same or similar subaward has been audited as a major program;</li> <li>(3) Whether the subrecipient has new personnel or new or substantially changed systems; and</li> <li>(4) The extent and results of Federal awarding agency monitoring (<i>e.g.</i>, if the subrecipient also receives Federal awards directly from a Federal awarding agency).</li> </ol>
2 CFR 200.332(d) and (e) - Monitoring	<p>d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:</p> <ol style="list-style-type: none"> <li>(1) Reviewing financial and performance reports required by the pass-through entity.</li> <li>(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.</li> <li>(3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.</li> <li>(4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (<i>e.g.</i>, has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in</li> </ol>

accordance with section § 200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) Providing subrecipients with training and technical assistance on program-related matters; and
- (2) Performing on-site reviews of the subrecipient's program operations;
- (3) Arranging for agreed-upon-procedures engagements as described in § 200.425.