

RISK ASSESSMENT

Risk assessment is a process used to evaluate variables associated with Workforce Education grants and assign a rating for the level of risk to the Florida Department of Education and the Division of Workforce Education associated with each provider. The risk assessment process is used by the Quality Assurance Team to determine the monitoring strategy, if any, appropriate for each provider with the more comprehensive strategy, for example, an onsite visit, for a provider deemed to be at highest risk. The risk assessment is based on an evaluation of certain factors related to the grants. The components include the level of performance on specific indicators and identified operational risk factors. Once an agency is linked to a specific monitoring strategy, then consideration of the current status of all Workforce Education funded grants in the geographic area may be reviewed. The Division may apply any specific monitoring strategy(ies) to any federal- or state- funded provider. Initially, the focus of the risk assessment process will be on the targeted providers that are ranked in the lowest performance tier. As the process to identify appropriate monitoring strategies continues, these factors may be applied to other grants and providers.

The review of the risk assessment process will be ongoing. The decisions to identify risk factors must take into account the accessibility, availability and relevance of the required data. Use of the risk assessment process does not limit the Division's ability to monitor any agency, grant award or contract at any time. The risk assessment process is the primary means by which monitoring strategies are determined. However, to ensure the effective and efficient use of resources, there may be opportunities to evaluate and monitor other Workforce Education grants, agencies, or programs in the geographical area at the same time that targeted providers are monitored.

Levels of Performance

The initial risk assessment addresses the levels of performance on the indicators specific to each program area, for which data is available. Agencies are ranked within the program area, Adult Education and Family Literacy, from highest performing to lowest performing, creating performance tiers. Each tier is assigned a value. The highest tier (lowest performance) indicates the highest level of risk. A number of the lowest performing agencies are targeted for additional risk assessment activities, becoming targeted providers.

Operational Risk Factors - Risk Matrix

One risk assessment tool, the Risk Matrix, uses predetermined operational risk factors to rank Workforce Education grants and targeted providers. The weights applied to individual factors may be adjusted, as appropriate, but will be applied uniformly to targeted grants. The Division will review specific operational risk factors annually and make appropriate changes as needed. The following are examples of risk factors that may be considered in assigning a risk level:

1. Volume of federal funds
 - total amount of agency funding - greater funding may entail greater risk
2. Number of grants
 - more grants to a provider entails greater risk
 - consortium grants may be considered higher risk due to greater complexity
3. Inability to fully expend funds
 - consider possible fiscal management and/or program issues
4. History of monitoring or audit findings
 - the number of findings from prior monitoring/ audits, negative findings indicate increased risk, repeated or uncorrected findings even greater risk
5. Organizational Changes
 - A change in director may effect coordination and implementation of the grant.

RISK MATRIX

Adult Education and Family Literacy Services

Provider _____ Date _____

Risk Factor	Criteria Scale	Value	Risk Factor Weight	Total Points Assigned
Total amount of agency funding from grants (2006-07)	\$ 2,000,001+	8	X 6	=____ <i>(total points)</i>
	700,001 - 2 million	6		
	300,001 - 700,000	5		
	< 300,000	4		
Number of grants per agency (2006-07)	Per grant	2	X 6	=____
Number of grants with 10% or more of unexpended funds (2006-07)	Per grant	5	X 4	=____
Audit and/or monitoring findings relevant to internal control weaknesses during three (3) previous years for targeted agency	16 + findings	10	X10	= ____
	11-15 findings	8		
	5-10 findings	6		
	1-4 findings	4		
Key organizational change within the last two (2) years.	Director	10	X 4	=____
TOTAL				

Risk Matrix Calculation

Specific operational risk factors identified on the Risk Matrix are applied to each targeted provider within a tier using a scale of specific criteria. A value is assigned for each criterion on the scale; the value is multiplied by the risk factor weight, resulting in a total number of points for the specific risk factor. The total number of points accumulated from all the designated operational risk factors supports the level of risk for the agency. A higher score indicates a greater level of risk.

Critical Factors

There may be circumstances which may warrant onsite monitoring or other strategies, regardless of a provider's level of performance or risk matrix score. As agencies are reviewed to determine appropriate monitoring strategies, the Quality Assurance Team may seek input from internal DOE personnel regarding agency-specific circumstances that may warrant a specific monitoring strategy.

As a result of the review of individual grant applications and input from the Division and/or other DOE staff, the team may identify critical factors that may influence a specific monitoring strategy that is to be considered for implementation. Issues to be considered may include, but not be limited to: staffing; high rate of staff turnover; timeliness of report submission; responses to requests for information; history of amendments; observations; and others.

Critical Factors

Provider: _____

Date: _____

Workforce Education staff work with providers on a regular basis throughout the year. As monitoring strategies are determined, the Quality Assurance Team will seek input from other staff. Using their professional judgment, the following statements may be considered:

- Number of amendments seems excessive
- Requires repeated requests from DOE for information
- Agency experienced key organization changes related to grant (i.e. finance managers, administrators or other leadership positions)
- The local grant administrator meets the timelines
- The grant administrator requests repeated training on similar topics
- The instructional staff turnover seems to effect grant implementation
- Invoices follow the proposed schedule from the grant (CBO's only)
- For cash advance programs, online reports are submitted in timely manner
- Online midyear and final performance reports are on time
- The provider submits timely budget amendments, such as roll forward
- Submitted budget amendments are allowable, reasonable and allocable
- The equipment list provides detailed information on proposed needed equipment

**Consolidated Risk Assessment Process
Adult Education**

Purpose: To identify the process used by the Quality Assurance Team to select Workforce Education providers for specific monitoring strategies.

A Risk Assessment process is used to determine appropriate monitoring strategies. In the initial selection process, providers ranked in the fourth quartile of performance in adult education, were identified as targeted providers. The targeted providers with the highest risk assessment scores may be subject to onsite monitoring.

Performance Score - Given the performance data available, providers' performance was divided into four quartiles and assigned tiers and points. The scale based on quartile of performance (from highest to lowest performance) for adult education:

- First quartile Tier 1 = 5 points (highest performance)
- Second quartile Tier 2 = 10 points
- Third quartile Tier 3 = 15 points
- Fourth quartile Tier 4 = 20 points (lowest performance)

Performance data utilized for Adult Education: 2006-07 (or most recent and available) adult basic education (ABE) performance data.

Operational Risk Factors Score

- The following operational risk factors are used:
 - Total amount of agency funding for 2006-07 (or current year)
 - Number of grants for 2006-07 (or current year)
 - Number of grants with 10% or more of unexpended funds for 2006-07 (or current year)
 - Audit and/or monitoring findings relevant to internal control weaknesses during three (3) previous years for provider
 - Change in director within the past two (2) years
- A value is assigned for each of these operational risk factors
- The value is multiplied by the risk factor weight, resulting in a total number of points for the specific operational risk factor
- The risk factors are added for an Operational Risk Factors Score

Total Risk Assessment Score - totals the following factors for targeted providers to provide separate scores for adult education:

Performance Score +
Operational Risk Factors Score =
TOTAL Risk Assessment Score

Example: Provider A is a targeted provider because this agency was in the lowest quartile (Tier 4) for adult education performance. The Quality Assurance team proceeds to complete the risk assessment process:

Adult Education Risk Assessment Score

Points

Performance Score – highest quartile+

20

<u>Operational Risk Factors Score – Risk Matrix=</u>	<u>100</u>
TOTAL Adult Education Risk Assessment Score	130

Provider Selection Calculation

The monitoring strategies to be applied to targeted providers are determined by calculating a total of the Level of Performance Score and the Risk Matrix Score. Provider totals will be ranked and divided into tiers. Each tier will be assigned appropriate monitoring strategy(ies). Onsite monitoring visits may be implemented for agencies at the greatest level of risk.

Once a risk assessment is completed for a targeted provider, additional programs operated by the provider may be reviewed. Additional grants or contracts in the geographical area may also be reviewed during an onsite monitoring visit to use resources effectively.

Florida Department of Education
Division of Workforce Education

Quality Assurance Team Risk Assessment Process Review

AGENDA

- I. Review providers targeted by levels of performance.
- II. Operational Risk Factors
 - A. Outcome: Identification of the agencies with the highest level of risk within each quartile, using the Risk Matrix
 - B. Data to be reviewed: *(include date/period covered when appropriate)*
 1. List of grants/funded amounts/per agency
 2. Monitoring reports - 2006-07
 3. Audit reports
 4. Interviews with program and/or fiscal staff
 5. Grants' documents
 6. Mid-year reports / final reports
 7. Critical factors
 8. _____
 9. _____
 10. _____
- III. Review the completion of the Risk Matrix
- IV. Data Review and Discussion

Team Leader leads discussion about the data; the following questions or statements may be addressed, in addition to others:

 1. What is the highest and lowest level of funding for the awards?
 2. How many agencies have multiple grants, highest vs. lowest number?
 3. Is there a conclusion we can draw about the experience, or lack of, that providers have with administering grant awards?
 4. What does the review of audit/monitoring reports reveal?
 5. Are there any fiscal concerns to address?
 6. Communication and reports from program manager.
 7. Has there been specific training / technical assistance that the agency has received?
 8. Has there been any significant change in management?
- V. Identification of agencies and recommendations for monitoring strategies.

Using the data, identify and discuss and rate tiers, and potential monitoring strategies.
- VI. Summary
- VII. Participants
 1. Director of Quality Assurance
 2. Monitoring team leader and monitoring team
 3. Program offices representatives
 4. Grants administration representatives
 5. Other _____