

Kevin W. Harper CPA & Associates

**SUBRECIPIENT RISK ASSESSMENT QUESTIONNAIRE –  
FINANCIAL RISK**

**Instructions:** The financial statements of the subrecipient are used to determine its financial health. Obtain financial statements from subrecipient for each of its most recent three fiscal years. If independently audited financial statements are not available, the subrecipient Chief Financial Officers should be asked to certify the financial statements. Questions should be answered related to the most recent financial statements unless otherwise noted. No answers are indicative of risk.

**Subrecipient Name:** \_\_\_\_\_

**Financial Statements for Year Ended:** \_\_\_\_\_

**Completed by:** \_\_\_\_\_

**Date:** \_\_\_\_\_

1. Do the financial statements include at a minimum those required by generally accepted accounting principles, such as the below?
  - Balance sheet or statement of financial position
  - Income statement or statement of operations
  - Statement of cash flows
  - Notes to the financial statements covering accounting policies, debt, capital assets, leases, pensions, etc.

Yes \_\_\_ No \_\_\_ N/A \_\_\_

COMMENTS \_\_\_\_\_  
\_\_\_\_\_

2. Is the auditors' report unmodified? Are there no compliance exceptions and no internal control weaknesses noted?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

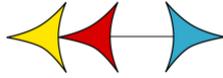
*Explain the number and extent of findings or attach descriptions of findings.*

COMMENTS \_\_\_\_\_  
\_\_\_\_\_

3. Does this grant represent less than 25% of County-wide expenditures for the specific federal program (CFDA number)?

Yes \_\_\_ No \_\_\_ N/A \_\_\_ Need to Research \_\_\_

COMMENTS \_\_\_\_\_



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4. Are current assets sufficient to pay current liabilities as they come due? Is current ratio  $> 1.25$ ?  
Yes \_\_\_ No \_\_\_ N/A \_\_\_

COMMENTS \_\_\_\_\_

5. Are variations between subrecipient contracted budget and actual expenditures reasonable (e.g., total variance less than 25% in each of the last three years)?  
Yes \_\_\_ No \_\_\_ N/A \_\_\_ Need to Research \_\_\_

COMMENTS \_\_\_\_\_

6. Is unrestricted net position (equity) sufficient to cover at least 3 months of operating costs?  
Yes \_\_\_ No \_\_\_ N/A \_\_\_

COMMENTS \_\_\_\_\_

7. Has the subrecipient operated at a profit each of the past three years?  
Yes \_\_\_ No \_\_\_ N/A \_\_\_

COMMENTS \_\_\_\_\_

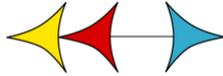
8. Are the subrecipient's operating and overhead expenses reasonable in type and amount compared to similar subrecipients (e.g., much more expense on supplies than average)?

COMMENTS \_\_\_\_\_

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9. Are related party transactions reasonable or de minimus?  
Yes \_\_\_ No \_\_\_ N/A \_\_\_

COMMENTS \_\_\_\_\_



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10. Has the subrecipient used borrowing, if any, only for acquisition of long term assets?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

COMMENTS \_\_\_\_\_  
\_\_\_\_\_

11. Are personnel costs (salaries and benefits) as a percentage of total costs stable or declining over the past three years?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

COMMENTS \_\_\_\_\_  
\_\_\_\_\_

12. Did the subrecipient receive a single audit in the past year? Was the program audited as a major federal program in the subrecipient's single audit in the past three years?

Yes \_\_\_ No \_\_\_ N/A \_\_\_

*If there were single audit findings related to the program, explain the number and extent of findings/violations and whether the subrecipient has a corrective action plan for each finding.*

COMMENTS \_\_\_\_\_  
\_\_\_\_\_

13. List any other items noted during review of the financial statements (e.g., unfunded commitments or other unrecorded liabilities; lawsuits; subsequent events).

COMMENTS \_\_\_\_\_  
\_\_\_\_\_