

SUBRECIPIENT RISK CLASSIFICATION MATRIX

RISK ASSESSMENT CRITERIA			
Factors Considered	HIGH RISK	MODERATE RISK	LOW RISK
Entity Type	Foreign/International Entity Going Concern	US-Based Entity	
Audit Coverage	Not subject to Uniform Guidance (no Single Audit requirement), a financial statement audit, or other compliance/financial audit	Subject to a financial statement audit or other compliance/financial audit	Subject to both Uniform Guidance (Single Audit requirement) or a financial statement audit
Audit Results	Noteworthy material weaknesses identified (related to grant funding, USC awards, pass-through funding, internal controls, etc.), or a large volume of significant deficiencies Significant repeat findings	Noteworthy significant deficiencies identified (related to grant funding, USC awards, pass-through funding, internal controls, etc.)	No noteworthy audit findings identified (related to grant funding, USC awards, pass-through funding, internal controls, etc.) Prior year findings corrected
Invoicing Practices	Significant invoicing issues (e.g., noncompliance, use of improper submission method, untimely invoicing, lack of invoicing [annual vs. quarterly], incorrect references [e.g., wrong PO/subaward numbers], missing requirements [e.g., no expense breakdown or cumulative expenses], unallowable/unallocable expenses) Repetitive invoicing issues or repetitive follow-up required	Moderate to minor invoicing issues that improve over time	Consistent, compliant, complete, and timely invoicing
Annual Monitoring Processes	Nonresponsive to annual risk assessment processes (e.g., annual compliance surveys and/or desk review requests) Responses provided to annual compliance survey indicate weak internal controls (particularly related to grant funds) Adverse desk review findings	Repetitive follow-up required for annual risk assessment processes (e.g., annual compliance surveys and/or desk review requests) Noteworthy desk review observations	Responsive to annual risk assessment processes (e.g., compliance surveys and/or desk review requests)
Implications	Receipt-level back-up documentation required to support all invoice submissions. Invoices will not be paid without the timely submission of required support.	General ledger back-up documentation required to support all invoice submissions. Invoices will not be paid without the timely submission of required support.	N/A - No additional invoicing requirements.