

**WCCNM Service Provider Risk Assessment for  
MRCOG - Administrative Entity and Fiscal Agent; One-Stop  
Operator; H-1B Infrastructure Grant; CHANCES Grant, and;  
WIOA Adult/Dislocated Worker**

**General Assessment**

**(Yes responses indicate risk)**

1. Is the entity new to operating or managing state and/or federal funds (has not done so within the past five years)?

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

Comments: The MRCOG AE/FA has been supporting the WCCNM Board since 2003.

2. Is this program new for the entity (*managed for less than three years*)?

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

Comments:

3. Has there been high staff turnover or agency reorganization that affects this program?

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

Comments:

4. Are the staff assigned to the program inexperienced with the program (*worked with the program for less than two funding cycles*)?

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

Comments:

5. Has the entity been untimely in the submission of:

a. applications Yes \_\_\_\_\_ No X N/A \_\_\_\_\_

b. amendments Yes \_\_\_\_\_ No X N/A \_\_\_\_\_

c. fiscal reporting Yes \_\_\_\_\_ No X N/A \_\_\_\_\_

d. draw downs Yes \_\_\_\_\_ No X N/A \_\_\_\_\_

e. budgets/revisions Yes \_\_\_\_\_ No X N/A \_\_\_\_\_

Comments:

6. Has the entity been timely in responding to program/fiscal questions?

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

Comments:

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7. Is the program unusually complex (*e.g., program, funding, matching requirements*)?

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

Comments: The programs under the MRCOG and all other partner programs combined do create a complex system of constantly changing and evolving programs with each requiring USDOL and state regulatory oversight and compliance. The MRCOG has successfully managed the Central Region Workforce Development Board activities since 2003.

8. Have any other entities (program offices, auditors, staff employed by the entity, etc.) alerted us of potential risk areas?

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

Comments: The MRCOG AE/FA provides services for the WCCNM, which include ensuring the independent annual monitoring of its subrecipient program service provider contracts. It is not uncommon for independent program monitors to identify Areas of Concern or Findings in their annual service provider monitoring reports. When monitors identify program weaknesses, the MRCOG is able to immediately correct deficiencies and develop and implement new policies and procedures to mitigate any concerns before issues arise. Due to firewall policies, MRCOG AE/FA cannot monitor the MRCOG One-Stop or A/DW subrecipient contractor's performance.

9. Does the entity have effective procedures and controls?

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

Comments:

10. Other areas of general assessment risk (entity-specific)

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**Legal Assessment**

**(Yes responses indicate risk)**

1. Does the agency/entity have or previously had a lawsuit(s) filed against them?

*If yes, list all pending and/or previous lawsuits with detailed information regarding who filed the lawsuit, the reason for filing and the final judgment rendered.*

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

Comments:

2. Is agency/entity currently or previously been suspended or debarred?

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

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*If yes, explain.* \_\_\_\_\_  
(Attach additional sheet if needed).

Comments:

3. Have any organization staff been jailed, convicted of a felony or are currently under criminal investigation?

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

Comments:

4. Other areas of legal assessment risk (entity-specific)

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**Monitoring/Audit Assessment**  
(Yes responses indicate risk)

1. Have more than last three funding cycles passed since the entity had an on-site monitoring visit?

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

Comments:

2. Were there findings/violations in the prior visit?

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

*What were the number and extent of findings/violations in prior visit (more violations/more severe=higher risk)?*

Comments: The MRCOG AE/FA has not received any findings or violations.

3. Has it been more than one year since the recipient received a single audit? (no single audit=higher risk)

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

If Not, Why Not?

4. Has it been more than one year since the program audited was as a major program?

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

Comments: The MRCOG AE/FA receives an annual Single and Financial Audit.

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If no, then were there findings?

Yes \_\_\_\_ No ☒ N/A \_\_\_\_

*What were the number and extent of findings/violations in prior visit (more violations/more severe=higher risk), and does the entity have a corrective action plan for correcting the finding?*

Comments: Due to staffing issues, the NMDWS had to delay their WCCNM/MRCOG monitoring for PY21, PY22, PY23 and PY24. NMDWS plans to complete their PY21, PY22, PY23 and PY24 monitoring in 2025.

5. Other factors of monitoring/risk assessment (entity-specific)

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**Financial System Assessment**  
(No responses indicate risk)

1. Does the state require the use of a uniform financial management/accounting system?

Yes ☒ No \_\_\_\_ N/A \_\_\_\_ (If "Yes" proceed to Question 3)

Comments:

2. Does the entity have a financial management system in place to track and record the program expenditures? (Example: QuickBooks, Visual Bookkeeper, Socrates Media, Peachtree or a Custom Proprietary System)

Yes ☒ No \_\_\_\_ N/A \_\_\_\_

Comments:

3. Does the accounting system identify the receipts and expenditures of program funds separately for each award?

Yes ☒ No \_\_\_\_ N/A \_\_\_\_

Comments:

4. Will the accounting system provide for the recording of expenditures for each award by the budget cost categories shown in the approved budget?

Yes ☒ No \_\_\_\_ N/A \_\_\_\_

Comments:

5. Does the entity have a time and accounting system to track effort by cost objective?

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

Comments:

6. Are time distribution records (time studies) maintained for all employees when his/her effort cannot be specifically identified to a particular program cost objective?

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

*If "No," does the entity have an approved alternative system to account for time distribution, and when was it approved?*

Comments:

7. Does the entity have an indirect cost rate that is approved and current?

Yes X No \_\_\_\_\_ N/A \_\_\_\_\_ (If "Yes," who approved the rate?)

Who approved our Indirect Cost Rate?

United States Department of the Interior

Comments:

8. Are the Federal base dollars of this indirect cost rate calculation comparable to other organizations of similar size, purpose and budget?

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

Comments:

9. Other items of financial system assessment (entity-specific)

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**Overall Fiscal Assessment**  
**(Yes responses indicate risk)**

1. Is this grant large in terms of percentage of overall funding for the entity?

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

Comments:

2. Is there an unusual level discretion in monetary decisions?

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

Comments:

3. Has the entity frequently been untimely in the drawn down of funds?

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

Comments:

4. Are there variations between expenditures and the budget?

Yes \_\_\_\_ No X N/A \_\_\_\_ (*large variations=higher risk*)

Comments:

5. Has the entity returned (lapsed) significant unspent funds?

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

Comments:

6. Does the entity have a large amount of budget carryover?

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

Comments:

7. Are the entity's fiscal statistics outside of tolerance or trends (*e.g., much more expenditures on supplies than average*)?

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

Comments:

8. Other items of overall fiscal assessment (entity-specific)

The MRCOG AE/FA oversees and manages the Fiscal budgets for all WCCNM programs.

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**FINANCIAL STABILITY ASSESSMENT**

The assessment of financial stability of an entity will vary depending upon the type of entity being assessed. If the entity is a public entity (e.g., school district, public university, municipality, local air authority, etc.) the Public Entity criteria below may be used to assess financial stability. Non-public entities should be assessed using the Non- Public/Not-For-Profit/Community Base Organizations criteria.

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**FINANCIAL STABILITY ASSESSMENT: PUBLIC ENTITIES**

*(Yes responses indicate risk)*

1. Has the State or other authority placed the entity in a special financial status (e.g., financial watch, fiscal emergency, high risk, etc.)?

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

Comments:

2. Has the entity ever used special loan or funding programs to meet its cash needs?

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

Comments:

3. Has the entity had difficulties raising local revenue (e.g., taxes, levies, etc.)?

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

Comments:

4. Has the State or other authority placed special financial conditions on the entity's award?

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

Comments:

5. Do the financial reports show a insufficient fund balance after meeting its obligations?

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

Comments:

6. Has the entity had difficulty meeting matching/maintenance of effort requirements?

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

Comments:

7. Do the entities financial reports indicate cash flow problems?

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

Comments:

8. Do the financial reports indicate possible supplanting issues?

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

Comments:

9. Do the entity's financial reports indicate a large number of corrections or journals?

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

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Comments:

10. Has the entity provided adequate supporting documentation for draws and reporting requirements?

Yes ☒ No ☐ N/A ☐

Comments:

11. Other items of financial stability assessment (public entity-specific)

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## **Financial Stability Assessment: Non-Public/Not-For Profit/ Community Base Organizations**

**\*\*\*\*THIS SECTION IS NOT APPLICABLE TO MRCOG\*\*\*\*** The MRCOG is not considered Non-Public/Not-for-Profit Community Based Organizations. The MRCOG/WCCNM programs are independently audited on an annual basis. Financial Statements are available.

The purpose of this section is to use the Financial Statements of the entity/organization to determine its financial health. If independently audited financial statements are not available, the organization's Chief Financial Officer should be asked to prepare and certify a financial statement. Generally Accepted Accounting Principles require organizations to maintain the following information:

- Financial Statements:
  - a. Balance sheet or statement of financial position
  - b. Income statement or statement of operations
  - c. Statement of cash flows
  - d. Other statements, such as:
    - i. Retained earnings statement
    - ii. Industry-specific statements
- Notes to the Financial Statements, such as:
  - a. Accounting policies
  - b. Related party transactions
  - c. Subsequent events
  - d. Contingent liabilities
  - e. Details about debt and equity investments, inventories, fixed assets and depreciation, long-term debt and capital stock
  - f. Disclosures as needed in other areas (e.g., leases, pensions or income taxes)

The Balance Sheet Statement can answer these questions:

1. Can the organization pay its bills?

Yes ☐ No ☐ N/A ☐

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Comments:

2. Is there cash left over after the organization pays its bills?

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

Comments:

Specifically Answer:

a) What is the organization's debt trend?

Answer:

b) What is the "current ratio"? (Current Assets ÷ Current liabilities)

*Note: A 1 ÷ 1 ratio means that the organization can just pay its bills.*

Answer:

(c) What is the "Acid Test Ratio"?

The formula is:

Current Assets – Inventories

Liabilities \_\_\_\_\_

*Note: The current asset – current liabilities ratio provides you with a working capital index. This ratio measures the immediate debt paying ability of an organization. A 1.0 to 1.01 acid-test ratio is usually considered adequate because it indicates that for every dollar of debt there is one dollar of assets that can be converted into cash on short notice to meet current obligations.*

(d) What is the organization's Debt to Equity Ratio?

The formula is:

Total Liabilities ÷ Total Equity \_

*Note: The "debt to equity ratio" provides information on what the organization owns.*

Answer:

### 3. Statement of Cash Flows

The Statement of cash flows shows cash "coming in and going out" and can help answer important questions, like:

- What generated the entity's increase (or decrease) in cash balance?
- How did the entity utilize the cash provided by operations?
- How did the entity finance any fixed asset purchases or long-term investments?
- What uses did the entity make of cash generated by borrowing or by issuing stock?

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- If a entity operated at a loss, how was it able to pay its bills?
- If an entity operated at a profit, why didn't the cash balance increase?
- Can cash flow support future needs such as debt requirements?

(a) Has the organization operated at a loss for the current or past periods?

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

Comments:

(b) Is debt growing or declining?

Growing\_\_\_\_ Declining\_\_\_\_

**4. Notes to the Financial Statement and Report of the Independent Auditor**

The notes and "management letters" contain information and disclosures important to the understanding of the financial statements. The notes may seem lengthy and detailed, but some of the real story may be gleaned from a careful reading of these notes.

(a) Do the notes to the financial statements or management letters disclose potential financial problems at the organization (e.g., pending lawsuits, outstanding judgments, major loans to or from officers, etc.)?

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

Comments:

(b) Do the loan notes reflect (including loans from officer) indicating poor financial health (e.g., unusually high interest rates, unusual repayment provisions, etc.)?

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

Comments:

(c) Does the independent audit report for the most recent fiscal year contain an unqualified audit opinion?

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

If not, what kind of opinion did the auditor express? Why did the entity not receive an unqualified opinion?

**5. Other non-public entity financial stability assessment (entity-specific)**

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**Programmatic Assessment**

Similar to the sections above, the programmatic risk assessment should include items that assess risks in meeting program requirements and objectives. The examples below are geared toward Department of Education assessments. However, agencies using this tool should review their applicable programmatic requirements found in statute, rule and supplements to develop specific risk criteria.

1. Did the entity meet Annual Measurable Achievement Objectives?

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

Comments:

2. Does the entity have a system in place for ~~parent~~ [participant] notification?

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

Comments:

3. Did the entity meet notification requirements?

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

Comments:

4. Other criteria which are required by applicable statute/rule.

The MRCOG and its programs follow all Federal (USDOL) and state (NMDWS) applicable statutes and rules.