Lead Hazard Control Risk Analysis

In December 2003 Lead Hazard Control Government Technical Representatives (GTRs) performed a risk analysis of 91 active Lead Hazard Control grants. (A total of 237 Lead Hazard Control grants have been awarded since the beginning of the Lead Hazard Control Grant Program; 37 of these grants are 2003 awards and 37 grants have been closed out). The objective of the risk analysis was to identify and rank grants that most critically needed assistance from the Office of Healthy Homes and Lead Hazard Control (OHHLHC). By ranking grantees relative to performance (low risk, medium risk or high risk) OHHLHC is in a position to optimally allocate funds for compliance monitoring and technical assistance for the purpose of providing resources to grantees so that goals and deliverables proposed grant applications can be achieved.

The risk analysis was based on the most recent GTR assessment of the performance of the grantee in FY 2003. The following criteria, as applicable to a specific grant, were used for this assessment:

- Unit Production
- Financial Responsiveness (LOCCS Draws)
- Inspections
- Training
- Outreach

GTRs used scores developed in the most recent Performance Assessment, along with a numerical adjustment for Monitoring Status, Management and Satisfaction, to develop a risk rating for each grantee.

If a GTR considered that the numerical risk rating did not reflect an appropriate risk, the GTR was allowed the ability to adjust the numerical rating to reflect the risk considered to be appropriate, provided that a justification was documented. Grantees were assigned High, Medium, or Low Risk status according to the following scores:

- Low Risk -- <30
- Medium Risk -- 31-50
- High Risk -- >50

Results of the risk analysis for the 91 Lead Hazard Control grants were distributed as follows:

- Low Risk - 58
- Medium Risk - 20
- High Risk- 13

FY 2003 Lead Outreach Risk Analysis

In December 2003 Lead Outreach Government Technical Representative (GTR) performed a risk analysis of 3 active grants. The objective of the risk analysis was to identify and rank grants that most critically needed assistance from OHHLHC. By ranking grantees relative to performance (low risk, medium risk or high risk) OHHLHC is in a position to optimally allocate funds for compliance monitoring and technical assistance for the purpose of providing resources to grantees so that goals and deliverables proposed grant applications can be achieved.

The risk analysis was based on the most recent GTR assessment of the performance of the grantee in FY 2003. The following criteria, as applicable to a specific grant, were used for this assessment:

- Project Startup
- Method Development
- Education / Outreach
- Study Implementation
- Project Evaluation
- Reporting, etc.
- Quality Assurance / Quality Control
- Financial Responsiveness (LOCCS Drawdowns)

The GTR used scores developed in the most recent Performance Assessment, along with a numerical adjustment for Monitoring Status, Management and Satisfaction, to develop a risk rating for each grantee. (The spreadsheet template for the FY 2003 Lead Outreach Risk Analysis is presented as Appendix A. The spreadsheet calculates the Final Risk rating based on the data entered into the Project Activities numerical ratings, and the Other Factors adjustments.)

If the GTR considered that the numerical risk rating did not reflect an appropriate risk, the GTR was allowed the ability to adjust the numerical rating to reflect the risk considered to be appropriate, provided that a justification was documented. In actuality, the GTR adjusted none of the FY 2003 numerical ratings. Grantees were assigned High, Medium, or Low Risk status according to the following scores:

- Low Risk -- <30
- Medium Risk -- 31-50
- High Risk -- >50

Results of the risk analysis for the 3 Lead Outreach grants were distributed as follows:

- Low Risk – 0 grants
- Medium Risk – 1 grant
- High Risk— 2 grants

Appendix A

Lead Outreach Program
Grants - Risk Assessment - FY 2003

Name of Grant:
Grant Number:
Period of Performance:
GTR:

Performance Factor, as applicable (See instructions on page 3.)	Numerical Rating from FY 2003 Performance Assessment*	Work Plan Benchmark, as applicable	Actual Cumulative Totals	Comments
Project Activities				
Project Startup				
Method Development				
Education/Outreach				
Study Implementation				
Project Evaluation				
Reporting, etc.				
Quality Assurance / Quality Control				
Financial Responsiveness (LOCCS Drawdowns)				
Average Rating	100			
Other Factors (page 2)				
1. Monitoring	0			
2. Management	0			
3. Satisfaction	0			
Total Adjustment for Other Factors	0			
Adjusted Rating (Average Rating – Points for Other Factors)	100			
Final Risk (100- Adjusted Rating) **	0			

*** For non-applicable items, either leave the numerical rating blank, or enter N/A or NA.**

**** Overall risk ranking scores:**

Low Risk. Score of less than 30
Medium Risk. A score between 30 and 50
High Risk. A score of 51 or higher

Other Factors for Adjusting Risk Rating

	Point Adjustment	Enter chosen point adjustment
1. Monitoring		
Grantee has not been previously monitored	2	
Grantee was monitored during last 2 years	1	
Grantee was monitored during last year	0	
Total Monitoring Points		0
2. Management		
2A. Staff Capacity		
One or more key personnel vacancies has existed for more than 3 months OR grantee has previously failed to notify HUD of changes in key personnel	5	
Key positions are currently filled but there has been significant turnover in the past year	1	
Key positions are currently filled with experienced people	0	
2B. Program Design		
Program includes sub-grantees, such as community- based organizations, and communication among partners has been problematic.	2	
Communication between partners is effective	0	
2C. On-Site Monitoring		
Grantee does not monitor the work of its sub-recipients and contractors	2	
Grantee monitors on spot basis and responds to complaints	1	
Grantee routinely monitors its sub-recipients and contractors	0	
Total Management Points		0
3. Satisfaction		
3A. Citizen Complaints		
HUD has received citizen complaints about implementation of the program.	2	
There have been no valid citizen complaints in past year	0	
3B. Responsiveness		
Grantee has failed to respond to letters of complaint within HUD prescribed timeframes	4	
Grantee has responded to letters of complaint within timeframes	0	
Total Satisfaction Points		0

Instructions:

Page 1: For each applicable performance factor, namely Project Activities, Quality Assurance / Quality Control, and Financial Responsiveness (LOCCS Drawdowns), enter the numerical rating on a 0-100 (100 best) basis. For good (low-risk) performance on a factor, score 71 to 100; for moderate (medium-risk) performance, score 50 to 70; for fair or poor performance (high-risk), score 0 to 49. If a performance factor is not applicable to a specific grant, either leave the numerical rating blank, or enter N/A or NA. As applicable, for each performance factor, enter the work plan benchmark and actual total. Also, comment as appropriate to explain the rating.

Page 2: Other Factors for Adjusting Risk Rating. Examine the three other factors, Monitoring, Management, and Satisfaction. For each factor or subfactor, find the description that most closely reflects the status of the grant. Type the score for the applicable description (in the middle column) in the right column. The spreadsheet adds up the ratings and enters the adjustment on page 1.

Background:

This risk assessment and analysis can be used to establish priorities for monitoring and to ensure that OHHLHC grantees with the highest risk are monitored within the resources made available. Each grant program utilizes a Quarterly Performance Evaluation to assess performance that is incorporated in the Annual Risk Analysis. This quarterly analysis examines performance factors that are critical in the success of OHHLHC grants. The Departmental Management Control Program Handbook recommends that both quantitative and qualitative risk based monitoring factors be used to examine and rank high-risk activities and grantees. The Management Handbook requires that program areas assign an annual risk rating through a risk assessment process that utilizes the HUD Risk Assessment Worksheet. The inherent risk of a program depends on its susceptibility to fraud, waste, abuse, and mismanagement. An overall risk rating is required of all program grantees. This risk rating is Low, Medium, or High:

Low Risk. Score of less than 30
Medium Risk. A score between 30 and 50
High Risk. A score of 51 or higher

The quarterly assessment of performance ranks grantees into a Red (High Risk), Yellow (Medium Risk) or Green (Low Risk) category but does not evaluate the risk within a give color area. Therefore, one cannot, with justification, indicate that any red, yellow, or green grantee is of greater or lesser risk within those color categories.

This risk analysis relies heavily on the GTR/GTM's knowledge and judgment in making an evaluation of program risk. The results of this risk assessment is used to schedule a more detailed management control review, a compliance monitoring. Therefore, this analysis is a strategy to identify and target management attention and resources by setting monitoring objectives to review program participants representing the greatest risk to OHHLHC.

Lead Elimination Action Program (LEAP) Risk Analysis

In January 2004 LEAP Government Technical Representatives (GTRs) performed a risk analysis of 7 active LEAP grants, which represents the first funded round of LEAP grants. The objective of the risk analysis was to identify and rank grants that most critically needed assistance from the Office of Healthy Homes and Lead Hazard Control (OHHLHC). By ranking grantees relative to performance (low risk, medium risk or high risk) OHHLHC is in a position to optimally allocate funds for compliance monitoring and technical assistance for the purpose of providing resources to grantees so that goals and deliverables proposed grant applications can be achieved.

The risk analysis was based on a risk ranking worksheet that reviewed the performance period of each LEAP grant through September 30, 2003. The following criteria, as applicable to a specific grant, were used for this assessment:

- Financial Responsiveness (LOCCS Draws)
- Physical (treatments, evaluation and lead safe work practices)
- Management
- Satisfaction
- Services (unit production, relocation)

If a GTR considered that the numerical risk rating did not reflect an appropriate risk, the GTR was allowed the ability to adjust the numerical rating to reflect the risk considered to be appropriate, provided that a justification was documented. Grantees were assigned High, Medium, or Low Risk status according to the following scores:

- Low Risk -- <29
- Medium Risk -- 30-50
- High Risk -- >51

Results of the risk analysis for the 7 LEAP grants were distributed as follows:

- Low Risk - 4
- Medium Risk - 3
- High Risk- 0

Healthy Homes Risk Analysis

In December 2003 Healthy Homes Government Technical Representatives (GTRs) performed a risk analysis of 33 active Healthy Homes Demonstration and Technical Studies grants. (A total of 52 Healthy Homes grants have been awarded since the beginning of the Healthy Homes Initiative; 11 of these grants are 2003 awards and 9 grants have been closed out or expired). The objective of the risk analysis was to identify and rank grants that most critically needed assistance from the Office of Healthy Homes and Lead Hazard Control (OHHLHC). By ranking grantees relative to performance (low risk, medium risk or high risk) OHHLHC is in a position to optimally allocate funds for compliance monitoring and technical assistance for the purpose of providing resources to grantees so that goals and deliverables proposed grant applications can be achieved.

The risk analysis was based on the most recent GTR assessment of the performance of the grantee in FY 2003. The following criteria, as applicable to a specific grant, were used for this assessment:

- Project Start Up
- Method Development
- Capacity Building/Training
- Education/Outreach
- Assessments
- Interventions
- Project Evaluation
- Quality Assurance/Quality Control
- Reporting
- Financial Responsiveness

GTRs used scores developed in the most recent Performance Assessment, along with a numerical adjustment for Monitoring Status, Management and Satisfaction, to develop a risk rating for each grantee. (The template for the Healthy Homes Risk Analysis is presented as Appendix A.)

If a GTR considered that the numerical risk rating did not reflect an appropriate risk, the GTR was allowed the ability to adjust the numerical rating to reflect the risk considered to be appropriate, provided that a justification was documented. Grantees were assigned High, Medium, or Low Risk status according to the following scores:

- Low Risk -- <30
- Medium Risk -- 31-50
- High Risk -- >50

Results of the risk analysis for the 33 Healthy Homes Demonstration the Technical Studies grantee were distributed as follows:

- Low Risk – 18 grants
- Medium Risk – 12 grants
- High Risk—3 grants

Appendix A

Healthy Homes Risk Assessment

Name of Grant: _____

Period of Performance: _____

GTR: _____

Performance Factor, as applicable	**Numerical Rating from 4th Quarter Performance Assessment**	**Work Plan Benchmark, as applicable**	**Actual Cumulative Totals**	**Comments**
Project Startup				
Method Development				
Capacity Building/Training				
Education/Outreach				
Assessments				
Interventions				
Project Evaluation				
Quality Assurance/Quality Control				
Financial Responsiveness (LOCCS Drawdowns)				
Other (e.g., Reporting)				
Average Rating				
Other Factors*				
1.Monitoring				
2.Management				
3. Satisfaction				
Total Adjustment for Other Factors				
Adjusted Rating (Average Rating –				

Points for Other Factors)				
Final Risk (100-Adjusted Rating)				

***Point designation for Other Factors is presented on page 2.**

Other Factors for Adjusting Risk Rating

Other Risk Factors	Point Adjustment
1. Monitoring	
Grantee has not been previously monitored	2
Grantee was monitored during last 2 years	1
Grantee was monitored last year	0
2. Management	
2A. Staff Capacity	
One or more key personnel vacancies has existed for more than 3 months OR grantee has previously failed to notify HUD of changes in key personnel	5
Key positions are currently filled but there has been significant turnover in the past year	1
Key positions are currently filled with experienced people	0
2B. Program Design	
1. Program includes sub-grantees, such as community-based organizations, and communication among partners has been problematic.	2
2. Communication between partners is effective	0
2C. On-Site Monitoring	
1. Grantee does not monitor the work of its sub-recipients and contractors	2
2. Grantee monitors on spot basis and responds to complaints	1
3. Grantee routinely monitors its sub-recipients and contractors	0
3. Satisfaction	
3A. Citizen Complaints	
1. HUD has received citizen complaints about implementation of the program.	2
2. There have been no valid citizen complaints in past year	0
3B. Responsiveness	
1. Grantee has failed to respond to letters of complaint within HUD prescribed timeframes	4
2. Grantee has responded to letters of complaint with timeframes	0
Total (Other Risk Factors)	

FY 2003 Lead Technical Studies Risk Analysis

In December 2003 Lead Technical Studies Government Technical Representative (GTRs) performed a risk analysis of the 10 active grants. The objective of the risk analysis was to identify and rank grants that most critically needed assistance from OHHLHC. By ranking grantees relative to performance (low risk, medium risk or high risk) OHHLHC is in a position to optimally allocate funds for compliance monitoring and technical assistance for the purpose of providing resources to grantees so that goals and deliverables proposed grant applications can be achieved.

The risk analysis was based on the most recent GTR assessment of the performance of the grantee in FY 2003. The following criteria, as applicable to a specific grant, were used for this assessment:

- Project Startup
- Method Development
- Education / Outreach
- Study Implementation
- Project Evaluation
- Reporting, etc.
- Quality Assurance / Quality Control
- Financial Responsiveness (LOCCS Drawdowns)

The GTRs used scores developed in the most recent Performance Assessment, along with a numerical adjustment for Monitoring Status, Management and Satisfaction, to develop a risk rating for each grantee. (The spreadsheet template for the FY 2003 Lead Technical Studies Risk Analysis is presented as Appendix A. The spreadsheet calculates the Final Risk rating based on the data entered into the Project Activities numerical ratings, and the Other Factors adjustments.)

If the GTR considered that the numerical risk rating did not reflect an appropriate risk, the GTR was allowed the ability to adjust the numerical rating to reflect the risk considered to be appropriate, provided that a justification was documented. In actuality, the GTRs adjusted none of the FY 2003 numerical ratings. Grantees were assigned High, Medium, or Low Risk status according to the following scores:

- Low Risk -- <30
- Medium Risk -- 31-50
- High Risk -- >50

Results of the risk analysis for the 10 Lead Technical Studies grants were distributed as follows:

- Low Risk – 10 grants
- Medium Risk – 0 grants
- High Risk— 0 grants

Appendix A

Lead Technical Studies Program
Grants - Risk Assessment - FY 2003

Name of Grant:
Grant Number:
Period of Performance:
GTR:

Performance Factor, as applicable (See instructions on page 3.)	Numerical Rating from FY 2003 Performance Assessment*	Work Plan Benchmark, as applicable	Actual Cumulative Totals	Comments
Project Activities				
Project Startup				
Method Development				
Education/Outreach				
Study Implementation				
Project Evaluation				
Reporting, etc.				
Quality Assurance / Quality Control				
Financial Responsiveness (LOCCS Drawdowns)				
Average Rating	100			
Other Factors (page 2)				
1. Monitoring	0			
2. Management	0			
3. Satisfaction	0			
Total Adjustment for Other Factors	0			
Adjusted Rating (Average Rating – Points for Other Factors)	100			
Final Risk (100- Adjusted Rating) **	0			

*** For non-applicable items, either leave the numerical rating blank, or enter N/A or NA.**

**** Overall risk ranking scores:**

Low Risk. Score of less than 30
Medium Risk. A score between 30 and 50
High Risk. A score of 51 or higher

Other Factors for Adjusting Risk Rating

	Point Adjustment	Enter chosen point adjustment
1. Monitoring		
Grantee has not been previously monitored	2	
Grantee was monitored during last 2 years	1	
Grantee was monitored during last year	0	
Total Monitoring Points		0
2. Management		
2A. Staff Capacity		
One or more key personnel vacancies has existed for more than 3 months OR grantee has previously failed to notify HUD of changes in key personnel	5	
Key positions are currently filled but there has been significant turnover in the past year	1	
Key positions are currently filled with experienced people	0	
2B. Program Design		
Program includes sub-grantees, such as community- based organizations, and communication among partners has been problematic.	2	
Communication between partners is effective	0	
2C. On-Site Monitoring		
Grantee does not monitor the work of its sub-recipients and contractors	2	
Grantee monitors on spot basis and responds to complaints	1	
Grantee routinely monitors its sub-recipients and contractors	0	
Total Management Points		0
3. Satisfaction		
3A. Citizen Complaints		
HUD has received citizen complaints about implementation of the program.	2	
There have been no valid citizen complaints in past year	0	
3B. Responsiveness		
Grantee has failed to respond to letters of complaint within HUD prescribed timeframes	4	
Grantee has responded to letters of complaint within timeframes	0	
Total Satisfaction Points		0

Instructions:

Page 1: For each applicable performance factor, namely Project Activities, Quality Assurance / Quality Control, and Financial Responsiveness (LOCCS Drawdowns), enter the numerical rating on a 0-100 (100 best) basis. For good (low-risk) performance on a factor, score 71 to 100; for moderate (medium-risk) performance, score 50 to 70; for fair or poor performance (high-risk), score 0 to 49. If a performance factor is not applicable to a specific grant, either leave the numerical rating blank, or enter N/A or NA. As applicable, for each performance factor, enter the work plan benchmark and actual total. Also, comment as appropriate to explain the rating.

Page 2: Other Factors for Adjusting Risk Rating. Examine the three other factors, Monitoring, Management, and Satisfaction. For each factor or subfactor, find the description that most closely reflects the status of the grant. Type the score for the applicable description (in the middle column) in the right column. The spreadsheet adds up the ratings and enters the adjustment on page 1.

Background:

This risk assessment and analysis can be used to establish priorities for monitoring and to ensure that OHHLHC grantees with the highest risk are monitored within the resources made available. Each grant program utilizes a Quarterly Performance Evaluation to assess performance that is incorporated in the Annual Risk Analysis. This quarterly analysis examines performance factors that are critical in the success of OHHLHC grants. The Departmental Management Control Program Handbook recommends that both quantitative and qualitative risk based monitoring factors be used to examine and rank high-risk activities and grantees. The Management Handbook requires that program areas assign an annual risk rating through a risk assessment process that utilizes the HUD Risk Assessment Worksheet. The inherent risk of a program depends on its susceptibility to fraud, waste, abuse, and mismanagement. An overall risk rating is required of all program grantees. This risk rating is Low, Medium, or High:

Low Risk. Score of less than 30
Medium Risk. A score between 30 and 50
High Risk. A score of 51 or higher

The quarterly assessment of performance ranks grantees into a Red (High Risk), Yellow (Medium Risk) or Green (Low Risk) category but does not evaluate the risk within a give color area. Therefore, one cannot, with justification, indicate that any red, yellow, or green grantee is of greater or lesser risk within those color categories.

This risk analysis relies heavily on the GTR/GTM's knowledge and judgment in making an evaluation of program risk. The results of this risk assessment is used to schedule a more detailed management control review, a compliance monitoring. Therefore, this analysis is a strategy to identify and target management attention and resources by setting monitoring objectives to review program participants representing the greatest risk to OHHLHC.

Office of Healthy Homes and Lead Hazard Control
Annual Risk Analysis
February 2004

Summary

Each year our Government Technical Representatives conduct risk assessments for each of their assigned grants. These annual risk assessments are in addition to the Quarterly Performance Evaluations designed to examine performance factors critical in the success of OHHLHC grants. The Annual Risk Analysis, required under the Departmental Management Control Program Handbooks, establishes both quantitative and qualitative risk based monitoring factors be used to examine and rank high-risk activities and grantees. The Management Handbook requires that program areas assign an annual risk rating to each grantee through a risk assessment process utilizing the HUD Risk Assessment Worksheet. The Assessment and analysis can then be used to establish priorities for monitoring and to ensure that grantees with the highest risk are monitored within the resources made available. Below is a summary of the results of our Annual Risk Analysis. We encourage you to contact your Government Technical Representative (GTR) to find out your relative risk ranking.

The results of the risk analysis shows that 63% of the grant portfolio (92 grantees) is performing well as reflected by their low risk score of less than 30 points. The balance of the portfolio is ranked as follows:

- 36 medium- risk grantees – a risk score between 30 and 50 (25% of the portfolio).
- 18 High- risk grantees – a risk score of 51 or higher (12% of the portfolio).

The chart below shows the results of the program- specific risk rankings.

Program	Low Risk Grants	Medium Risk Grants	High Risk Grants	Total Grants
Healthy Homes	18	12	3	33
LEAP	4	3	0	7
Lead Tech. Studies	10	0	0	10
Lead Hazard Control	60	20	13	93
Lead Outreach	0	1	2	3
All Programs	**92**	**36**	**18**	**146**

Background

The inherent risk of a program depends on its susceptibility to fraud, waste, abuse, and mismanagement. An overall risk rating is required of all program grantees. This risk rating is Low, Medium, or High depending on a grantee's score:

Low Risk - Score of less than 30
Medium Risk - A score between 30 and 50
High Risk - A score of 51 or higher

While the quarterly assessment of performance ranks grantees into a Red (High Risk), Yellow (Medium Risk) or Green (Low Risk) category, it does not evaluate the risk within a given color and therefore one cannot, with justification, indicate that any red, yellow, or green grantee is of greater or lesser risk within those color categories. This risk analysis relies heavily on the GTR/GTM's knowledge and judgment in making an evaluation of program risk. The result of this risk assessment is used to schedule a more detailed management control review, a compliance monitoring visit. Therefore, this analysis is a strategy to identify and target management attention and resources by setting monitoring objectives to review program participants representing the greatest risk to OHHLHC.

The risk analysis is based on the most recent GTR assessment of grantee performance in FY 2003, as well as other knowledge the GTR considers relevant to accurately establish a grantee's risk rating. The GTRs considered a variety of performance factors, as applicable to a specific program and/or grantee, including:

- Project Activities, Quality Assurance/Quality Control
- Financial Responsiveness (LOCCS Drawdowns)
- Project Startup
- Method Development
- Education /Outreach
- Study Implementation
- Project Evaluation
- Reporting, etc.
- Unit Production
- Inspections
- Training
- Outreach
- Physical (treatments, evaluation and lead safe work practices)
- Services (unit production/relocation)

If the GTR considered that the numerical risk rating did not reflect an appropriate risk, the GTR adjusted the numerical rating to reflect the risk considered to be appropriate, and provided justification/explanation for the risk ranking change. Some factors considered when adjusting the risk rating included:

- Monitoring
- Management
- Satisfaction