CHANGE AND FEDERAL ASSISTANCE

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9 June 2016
The Division of Grants provides Department-wide leadership through functional management directions in the areas of:

- Grants policy and training,
- Grants oversight and evaluation,
- Grants systems management and coordination, and
- Grants streamlining.

Represents the Department in communication with OMB, GSA, and other Federal agencies in the areas of mandatory and discretionary grants.
The Office of Grants Policy, Oversight and Evaluation (OGPOE) develops Department-wide grants policies and HHS’s Uniform Administrative Regulations.

OGPOE provides coordinated leadership in:

- The preparation of HHS and federal-wide positions affecting the federal assistance community.
- Representing the Department’s interests regarding internal and external grants management activities.
- The development of HHS’s grants training and certification program.
- Ensuring compliance with HHS’s grants policies and correlating federal-wide regulations.
- Assisting HHS’s funding agencies with the implementation of HHS’s grants policies and federal-wide grants regulations.
Since its inception in 1995, TAGGS has been the central repository for all of HHS grants data generated by HHS’s Operating Divisions (OPDIVs) and the Office of the Secretary Staff Divisions (STAFFDIVs) representing over $4 trillion in programs in HHS’ grants portfolio.

The TAGGS website provides HHS’s financial assistance spending information for use by the public and internal HHS management. The website was refreshed this year and features such as faceted searches and mobile access for phones and tablets were added. [https://taggs.hhs.gov/](https://taggs.hhs.gov/)
• Grants.gov is the Federal government’s central source for grants information:
  • Expects to have approximately 6.5 million visitors in 2016
  • Handles millions of searches per month
  • Expects 250,000 applicant submissions this year
  • Providing information on over 1,000 grant programs
  • Anticipates providing information on 4,700 federal grant opportunities worth approximately $100 billion in 2015
  • Handles 10,000 phone calls a month through its call center
Challenges related to effectively measuring grant performance:

- Uncoordinated grant program creation:
- Internal control weaknesses:
- Lack of agency or recipient capacity:
- Need for better collaboration:
QUIZ

Who is the world’s largest manufacturer of Rubber Tires?
QUIZ

What was the most popular hat worn by cowboys in the wild west?
QUIZ

What holiday was Jingle Bells originally written for?
We can not solve problems by using the same kind of thinking we used when we created them. Albert Einstein
1. Review and reconcile final audit and other reports.
2. Conduct site visits and review recipient reports.
3. Submit final audit and other reports (as required).
4. Comply with award terms and conditions, including general administrative requirements and cost principles.
5. Submit required financial, performance, and other reports.
THE SAME OLD THINKING

THE SAME OLD RESULTS
FRAMEWORK FOR IMPROVING FEDERAL ASSISTANCE PROGRAMS

- Consistency in policy & process
- Clarity in financial and program results
- Collaboration across stakeholders
TWO POINTS OF VIEW ON ARCHITECTURE
Architecture is about a structure
Architecture is about a story
On its own it doesn’t really tell us anything...

That’s the problem with structure
To make sense of a structure we need the story...
A key task of architecture is to design for and maintain the balance between structure and story.

- Architecture is about structure.
- Architecture is also about story.
- We need both, to make it all happen.
A key task of federal assistance is to design for and maintain the balance between strong programs and stewardship of federal funds.

- Federal Assistance is about structure.
- Federal Assistance is also about story.
- We need both, to make it all happen.
We must remember...

...beneficiaries do not appear in our structure but we appear in their stories.
The goal of the reform was to deliver on the President's directives to:

1. Streamline guidance for Federal awards to ease administrative burden; and

2. Strengthen oversight over Federal funds to reduce risks of waste, fraud, and abuse.
1. Eliminating Duplicative and Conflicting Guidance
2. Focusing on Performance over Compliance for Accountability
3. Encouraging Efficient Use of Information Technology and Shared Services
4. Providing For Consistent and Transparent Treatment of Costs
5. Limiting Allowable Costs to Make Best Use of Federal Resources
7. Encouraging Non-Federal Entities to Have Family-Friendly Policies
8. Strengthening Oversight
9. Targeting Audit Requirements on Risk of Waste, Fraud, and Abuse
Effective programs are not accidental
  - They are deliberate, well-conceived and well-executed

Programs succeed when they:
  - Gather knowledge and identify needs before awarding
  - Are clear about the results they seek to achieve
  - Take appropriate risks and mitigate residual risk
  - Carefully direct resources to maximize impact and influence
  - Effective and engaged Recipients
STANDARD PROCESS FOR FEDERAL ASSISTANCE

**Preaward**
- Announce opportunity
  - Provide administrative and technical support
- Receive applications
  - Authenticate applicants, apply business rules, and ensure administrative compliance
- Review and decision
  - Conduct reviews (administrative, budget, policy, merit, business, applications, certifications, and assurances)

**Award**
- Award notification
  - Notify the grantee and publicly announce the award

**Implementation**
- Disburse payment
  - Process payments to grantees
- Management and oversight
  - Review grantee reports and conduct any site visits deemed necessary

**Closeout**
- Closeout
  - Review and reconcile the final audit and other reports

Source: GAO. | GAO-16-14
How do funds flow through the grant life cycle?

- Congress appropriates funds to agency.
- Agency establishes an account to disburse funds to grantee in a payment system.
- Grantee applies for and agency reviews and awards grant.
- Grantee uses funds for projects in health care, education, research, and more.

$994 million in unspent grant funds remained in accounts past their award and implementation period as of Sept. 30, 2015.

The Payment Management System also creates reports that show whether accounts are ready for closure.

If the account is closed, agency may use remaining funds for authorized purposes or return the funds to the Treasury.

If the account isn't closed...

After reports are approved, agency should close the grant account.

After the grantee's award and implementation period ends, grantee submits final financial and performance reports to agency.

About 77% of federal grant funds go through the HHS Payment Management System. All the data for this graphic are from this system.
What is internal control?

Internal control is a process that helps an entity achieve its objectives. It is the first line of defense in safeguarding public resources.

Standards for Internal Control in the Federal Government, known as the Green Book, is the document that sets internal control standards for federal entities.
How does internal control work?

Internal control helps an entity

- Run its operations efficiently and effectively
- Report reliable information about its operations
- Comply with applicable laws and regulations
How is internal control organized?

Standards for Internal Control in the Federal Government (the Green Book) is organized by the five components of internal control, and apply to staff at all organizational levels and to an entity’s operations, reporting, and compliance objectives.
THE FIVE COMPONENTS AND 17 PRINCIPLES OF INTERNAL CONTROL

Control Environment
1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
2. The oversight body should oversee the entity’s internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

Risk Assessment
6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

Control Activities
10. Management should design control activities to achieve objectives and respond to risks.
11. Management should design the entity’s information system and related control activities to achieve objectives and respond to risks.
12. Management should implement control activities through policies.

Information and Communication
13. Management should use quality information to achieve the entity’s objectives.
14. Management should internally communicate the necessary quality information to achieve the entity’s objectives.
15. Management should externally communicate the necessary quality information to achieve the entity’s objectives.

Monitoring
16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
17. Management should remediate identified internal control deficiencies on a timely basis.
RISK MANAGEMENT

Risk Identification → Risk Assessment → Risk Response
TYPES OF RISK

- Strategic Risk
- Operational Risk
- Reputational Risk
- Compliance Risk
- Financial Risk
RISK INFORMS MONITORING

PRE-AWARD
• Review Applications
• Assess Applicants Risk

AWARD
• Approve Application and notify applicant
• Develop Monitoring Plan
• Plan Risk Mitigation Actions based on Risk Assessment

POST-AWARD
• Monitor Recipients Performance
• Execute risk mitigation (if needed)

CLOSEOUT
• Document Recipient Performance
“Risk is like fire: If controlled it will help you; if uncontrolled it will rise up and destroy you.”

-Theodore Roosevelt
MULTIPLE REASONS FOR DELAYED GRANT CLOSEOUT

- Grantee under audit
- Grantee no longer in existence
- Manual report reconciliation process
- Disconnection between grant management and payment system
- Cost-sharing agreements/program income
- Final indirect cost rate approval
- Delayed technical deliverable
- Grant projects that require multi-jurisdictional review

Obstacles to Final Grant Reporting and Processing that May Impact Closeout

Sources: GAO analysis of federal agency information. | GAO-18-362
TIPS
HELPFUL
tell your story
DO ALL THE WORK UPFRONT
Get your ducks in a row!