PDT 2019

PROFESSIONAL DEVELOPMENT TRAINING 2019

JULY 21-24, 2019
NEW ORLEANS
Nationwide Survey of Grant and Cooperative Agreement Recipients

SURVEY RESULTS
Introductions

- ** Moderator:**
  - **James (Jim) McKay**, ManTech, Principal Grants Management/Internal Control Subject Matter Expert
    - Introductions
    - The Nationwide Grant & Cooperative Agreement Recipient Uniform Guidance Implementation Survey

- ** Presenters:**
  - **Andrea Brandon**, Deputy Assistant Secretary for Budget, Finance, Acquisition and Grants, US Department of Interior
    - Government-wide perspective on Uniform Guidance Implementation
  - **Michael S. Peckham**, ReInvent Grants Management Lead, US Department of Health and Human Services
    - Government-wide perspective on Uniform Guidance Implementation
Ms. Andrea Brandon was recently appointed as the Deputy Assistant Secretary for Budget, Finance, Acquisition and Grants at the Department of Interior. Andrea has previously served as the Deputy Assistant Secretary for the HHS Office of Grants and Acquisition Policy and Accountability (OGAPA) and the Senior Procurement Executive for the Department. As the Deputy Assistant Secretary, Andrea has executive responsibility for the leadership and strategic direction of all financial assistance, acquisitions, and related business IT systems for the DOI financial assistance and acquisitions enterprise. This portfolio is comprised of $30B in active contracts and grants. She was formerly the Director, Financial Assistance Policy and Oversight, Department of Homeland Security (DHS). She provided leadership and strategic direction for financial assistance programs across the DHS.

In addition, Andrea has broad experience in risk management, audits, internal controls, information technology, acquisition management, and financial operations in her federal career spanning 29 years. Previous to DHS, she was an Executive Assistant Director for the National Institute of Food and Agriculture (NIFA), USDA.

Andrea has led several government-wide initiatives: Co-Chair for the Council on Financial Assistance Reform (COFAR), Financial Assistance Representative on the DATA Act Interagency Advisory Committee (IAC), Program Manager for the Federal Financial Assistance Management Improvement Act (FFAMIA) Grants Streamlining Initiative; and Chair of the OMB CFO Council’s Grants Training and Certification Workgroup and the Transparency Act Grant Sub-award Pilot Subcommittee (while also leading the Transparency Act grant sub-award pilot).

Ms. Brandon holds a Bachelor’s degree in Behavioral and Social Sciences from the University of Maryland, a Master’s in Public Administration from American University; and is a member of the Pi Alpha Alpha Honor Society.
Mr. Michael (Mike) Peckham is the ReInvent Grants Management Lead for the Department-wide ReImagine Health and Human Services (HHS) initiative and currently the acting CFO of HHS’s PSC. He brings over 30 years experience in federal accounting, program management, systems implementation, and grants to promote the HHS goals of modernizing Grants Management. Prior to taking this executive role Mike served as the Director of the HHS DATA Act Program Management Office, successfully complying with requirements set forth in the Act for the largest federal Department. He concurrently led a pilot of activities tested by recipients and recognized within a GAO report to reduce redundancies, burden and cost for recipients of federal grant awards.

Mike previously served as the Director of the Division of Payment Management and System Owner of the largest grant payment system in the federal government, operated within HHS’s Program Support Center. He was responsible for grant disbursements in excess of $400 billion annually, to all 50 states, United States territories, and over 120 countries worldwide. During his tenure in this position he led a system modernization project to expand the use of electronic workflows, enhanced automated reporting functionalities, improved the user interface/experience, and revamped the organizational website.

From 2004 through 2006, Mike held instrumental roles during the HHS initiative to implement Oracle Federal Financials. He was the Project Accounting module lead and a Subject Matter Expert in Accounts Payable. After completing the project Mike held management positions overseeing various modules (i.e. Accounts Payable, Purchasing, Fixed Assets, Project Accounting, Accounts Receivable) at both HHS and the Department of Energy, successfully leading initiatives to strengthen management controls and address audit concerns/findings.

Mike received the Surgeon General’s Exemplary Service Award, graduated Cum Laude from Potomac College with a Bachelor of Science in Business Management (receiving the Victor Berlin Award for Outstanding Contributions at Work), recognized by National Micrographics Systems receiving the 2004 Impact Award, received the UFMS Outstanding Contributions Award, and has testified before Congress.
ManTech grants management subject matter expert, James (Jim) McKay, is the 2019 recipient of the National Grants Management Association’s (NGMA) Newton Award. This award recognizes outstanding, sustained leadership in the grants management field. It recognizes someone who has executed sensitive and difficult assignments in grants policy or grants administration and has an articulated vision for grants management professionals and has made a difference in the profession.

Jim began his Federal career in 1981 as a charter GAO financial and program auditor. His work as a senior auditor included several high profile Congressional audits such as the financial collapse of National Public Radio, and the audit of the Vietnam Veterans Memorial Fund.

Jim moved to the Department of Housing Development (HUD) in 1985, where he co-chaired the interagency workgroup that developed the 1986 revised OMB Circular A-123, Management’s Responsibility for Internal Control, establishing government-wide internal control standards. He then developed HUD’s internal control policies and procedures and helped implement the program agency-wide.

In 1989, Jim was commissioned as the first Inspector General of the Interstate Commerce Commission. He established the office and its independent authorities to conduct criminal and administrative investigations and program and financial audits. When Congress sunset the Commission in 1995, Jim moved to the Office of Justice Programs (OJP) and served for 10 years, eight of those years as Deputy Comptroller responsible for the financial administration of OJP’s $35 billion grant portfolio.

Jim returned to government service under a special 2-year appointment as Deputy Director of Financial Management at the Transportation Security Administration where he led the agency’s Business Process Modernization effort and helped lead the agency back to a “clean” financial statement audit opinion. Jim has developed grants management training for FEMA grantees, DHS Grants Management e-Learning, coauthored the Grants Management Body of Knowledge for the National Grants Management Association, and continues to support monitoring of construction and operations of NSF facilities around the globe.
Purpose - To better understand common implementation challenges and/or areas of non-compliance across recipients of Federal funds, with respect to the new Uniform Guidance (UG).

For the challenges identified, identify opportunities to address, through measures such as: training; regulatory interpretation; provision of new, revised, or additional guidance; and others.
How was survey developed?

- Sought and received input and comments from:
  - OMB
  - GAO
  - Congress
  - IGs
  - Federal Awarding Agencies
  - Professional associations such as NASACT, NGA, Intergovernmental Partnership, NGMA, et al.
  - State and local governments
  - CPAG partner firms
Who Created the Survey?

- Accounting and Auditing Committee of the Corporate Partner Advisory Group
  - Survey Working Group
    - Ann Ebberts, CEO, AGA
    - Susan Fritzen, COO, AGA
    - Eric Rasmussen, Partner, KPMG, LLP, and Chair CPAG Accounting and Audit Committee
    - James McKay, Sr. Principal, ManTech, and Grant Survey Lead
    - Bert Nuehring, Partner, Crowe Horwath, LLP and Grant Survey Co-Lead
    - Carlos Otal, Managing Partner, Grant Thornton, LLP and CPAG Chair
    - Wendy Morton-Huddleston, Principal, Grant Thornton, LLP
    - Merril Oliver, Executive Vice President & COO, eCivis
    - Anita Whitehead, Principal, KPMG
    - Ramona Manikarnika, Management Consultant, KPMG
    - Roger Von Elm, Principal, Clifton Larson Allen, LLP
    - Cordell Olive, Principal, Williams Adley – DC, LLP
    - Andrea Brandon, Deputy Assistant Secretary for Budget, Finance, Acquisition and Grants, US Department of Interior – Contributing Federal partner
AGA Nationwide Survey of Grant and Cooperative Agreement Recipients

PROJECT CHARTER
AGA SURVEY ON UNIFORM GUIDANCE IMPLEMENTATION CHALLENGES

Formally Authorize the Project - This Charter formally authorizes the CPAG Accounting and Audit Committee Grantee Survey Working Group to develop and deliver the AGA Survey on Uniform Guidance Implementation Challenges...
Survey Methodology

AAC created 35 questions based on stakeholder input

Online survey executed using Survey Monkey

AAC advertised the survey through various outlets

AGA provided a link to the survey on its web site

399 entities responded to the survey
Key Survey Results

- Significant number of respondents lack experience in various aspects of grants management
While most respondents consider the Uniform Guidance useful, future regulatory revisions or updates should provide:

- More prescriptive requirements related to sub-recipient monitoring
- Greater authority to waive required prior approvals
- Higher prior approval dollar thresholds
Key Survey Results

- Respondents at all levels seek guidance and training from government, professional, and commercial organizations

- Lack of training in sub-recipient monitoring - a major challenge in implementation

- The preferred method of training delivery - in-person/instructor-led
**Organizational Identification**

- State Government: 48%
- Local Government: 22%
- Educational: 11%
- Not-for-Profit: 7%
- Commercial: 2%
- Tribal Government: 1%
- Other (including Federal Gov.): 9%
- Territorial Government: 0.5%

**Respondent Demographics**

- Area Population:
  - 50K or less: 67%
  - Over 50K: 33%

**399 Entities Responded to the Survey**
Experience in Grants Management

- Risk is associated with the 10% of respondents who annually expend less than $10 million in Federal Financial Assistance.
- Those expending less than $750,000 fly beneath the radar of the Single Audit Act (SAA) audits
- 46% had no experience in grant project management
- 45% had no experience in grant performance management
- 82% of respondents had no experience with earned value management (EVM)
- 36% had no experience in cost estimation/assessment
UG Implementation - Greatest Challenges

Percentage of Respondents

- Monitoring award recipients and sub-recipients: 48%
- Understanding the cost principles: 39%
- Procurement: 27%
Why is Monitoring a Challenge?

- Lack of training and guidance for monitoring
- Staffing shortages inhibit a robust monitoring regimen
- Confusion about sub-recipient (sub-grantee) versus contractor
Monitoring Challenges – Lack of Training

- Should Federal awarding agencies train their recipients?

Some agencies say: Recipients should have requisite skills and experience to execute Federally-funded programs.

Other agencies assume it is their fiduciary duty to assist recipients in being successful in their funded program implementation and administration, including providing training.
Recommendations for the Cost Principles Challenge

Follow the definitions in the Uniform Guidance
- For direct (2 CFR 200.413) and indirect costs (2 CFR 200.414), as presented in 2 CFR, Part 200, Subpart E
- Focus on determining if a cost is allowable, reasonable, and allocable to the award

Make inquiries
- Obtain guidance from awarding agency on any costs that may be questioned

Check recipient’s financial management system
- It should ensure that all incurred costs are supported by adequate documentation and are incurred during the allowable timeframe

Complete training
- On cost principles from cfo.gov/grants/training
Why is Procurement a Challenge?

Confusion about whether states should follow state procurement rules or Federal requirements

“There are multiple and conflicting requirements regarding procurement in the area in which I work.”

Procurement requirements are not uniform across agencies

“Even though this [the Uniform Guidance] made the circulars "uniform“, the procurement requirements are not uniform across the agencies.”
Why is Lack of Adequate Guidance a Concern?

- 68% stated they did not receive conflicting guidance from awarding agencies.
- 55% stated they receive adequate guidance from awarding agencies.
- Uniform Guidance is not specific enough to guide decision-making for ensuring compliance with grant awards.

“Applying guidance to operations is easier said than done.”

“Requirements are not clearly stated and are interpreted differently by different funding agencies.”
Order of Precedence

Source: ManTech Grants Management Body of Knowledge Training Reference Guide
Top Three Benefits of the Uniform Guidance

1. Increase in the Single Audit Threshold to $750,000
2. Consolidation of the Regulations; ‘One Stop Shop’ for Federal Requirements
3. Federal Pre-Award Requirements
Top Three Areas Needing Further Guidance

1. Sub-recipient Monitoring
2. Procurement Regulations
3. Greater Authority for Pass-through Entities to Waive Prior Approval
Monitoring Challenges - Sub-Recipient Monitoring

- Detailed Guidance for:
  - Monitoring procedures
  - Clarifying the roles, responsibilities, and specific actions needed to adequately monitor grant performance
- Greater authority for pass-through entities to waive prior approval requirements

“The challenges with sub-recipient monitoring and risk assessments are the lack of guidance given in the [Uniform Guidance].”
All levels would benefit from increased training and assistance from Federal awarding agencies in:

- **Assessing**
  - Financial and programmatic risks of non-compliance by sub-recipients

- **Identifying**
  - Overall risk of each sub-recipient

- **Developing and Implementing**
  - Monitoring plan based on risk assessment

- **Following-up**
  - On corrective actions to address identified control weaknesses
Procurement Guidance

- Cited as area with most room for improvement in the Uniform Guidance
  - Policies
  - Procedures
  - Procurement Systems
- Issues arise when comparing Federal and local regulations, and attempting to set a policy compliant with both

“We could use more clarification of procurement requirements - especially where it conflicts with our state policy.”
Respondents’ Requests for Procurement Guidance

**Policy Examples**
- Demonstrate compliance with the new regulations

**Training**
- How to meet procurement requirements

**Decision Flowcharts**
- Show procurement approval process
Prior Approval Waivers

- Respondents identified a need to increase prior approval thresholds.
- Pass-through entities should be given authority to waive prior approvals.
- OMB may want to take this into consideration for future updates to the Uniform Guidance.
Implementing Internal Control Requirements

Does your organization have a system of internal controls that meets the standards required by the grant agreements?

- Yes: 87%
- No: 13%

Does your organization apply internal control standards to financial, administrative, and program-related operations?

- Yes: 86%
- No: 14%
Does your organization’s management understand the Federal implementation guidelines considered by auditors of grant and cooperative agreement programs?

- Yes: 63%
- No: 37%
Internal Controls - Top Challenges

- Lack of adequately trained and experienced staff
- Lack of detailed guidance
- Lack of funding for IT systems
Documenting Business Processes

Does your organization have well-documented processes?

- Yes: 46%
- No: 54%

Is your business process documentation comprehensive?

- Yes: 38%
- No: 62%
Preventing Fraud, Waste, and Abuse

Would your organization benefit from more information regarding the prevention and detection of fraud, waste, and abuse?

Yes 77%
No 23%
The Uniform Guidance, GAO’s Green Book, COSO, grant agreements, and state and local laws require internal controls, but there is no clear guidance on:

- Definition of appropriate types of controls
- Required level of documentation around controls
- Ways to determine if individuals within organizations understand internal controls
Implementing Audit Requirements

- Most common grant-related audit findings:

  - Activities that were not allowed
  - Unsupported costs (lacking documentation)
  - Time and effort record keeping
  - Internal controls
  - Compliance
  - Sub-recipient monitoring
“Federal agencies' program staff tendency to override OMB 2 CFR 200 financial requirements.”

“Establishing clear audit standards to follow with new OMB grant standards.”

“Interpretations vary between auditors of certain reporting requirements.”

“Compliance - getting Independent Audits completed in a timely manner; and separation of duties.”
Implementing Audit Requirements

Audit findings related to non-compliance with the Uniform Guidance?
- Yes: 22%
- No: 78%

Is there adequate guidance on your awarding agency's audit follow-up process?
- Yes: 60%
- No: 40%

More than 50% of respondents have not used the cooperative audit resolution process
Implementing Audit Requirements - Recommendations

- Engage in audit readiness activities to minimize the risk of incurring future audit findings:

  - Identify programs where $750,000 or more have been expended; these will require an audit.
  - Confirm the schedule of expenditures agrees with the general ledger.
  - Ensure that supporting documentation for expenses incurred is complete and easily accessible.
Top areas where respondents thought Federal awarding agency’s guidance was lacking:

- Performance Metrics
- Definition of Outputs vs. Outcomes
Reporting Challenges

“Many grants have conflicting or extremely complex requirements for monitoring and reporting. It would be helpful to consolidate reporting and monitoring requirements to be consistent across awarding agencies.”

“Grant administrators seem to have a difficult time reporting in a timely manner.”

“Time reporting requirements, actual time worked versus budgeted hours. Accurately reporting fringe benefits expenses to multiple Federal and state programs.”

“Tracking multi organization participation, monitoring the recipient and making sure they are compliant with requirements, and reimbursements have become substantively more difficult due to increasing reporting requirements that are often above and beyond the ability to capture within existing financial systems.”
Challenges in Implementing Cost Principles

**Common Barriers**
- Lack of Guidance from the Federal Awarding Agency
- Unclear which Metrics Should Be Reported
- Confusion About 'Outcomes' versus 'Outputs' in Performance Reporting

**Proposed Mitigation**
- Additional Training
- Increased Guidance

**Mitigation Provided By**
- Guidance provided by Federal Awarding Agencies
- Training provided by AGA as well as Federal Partners
Use of Formal, Risk-based Monitoring Programs

- **30%**: Organization has a formal risk-based monitoring program
- **40%**: Organization’s risk-based monitoring program can be improved
- **28%**: Organization does not have formal, risk-based monitoring program
Types of Monitoring Programs used by Respondents

- Formal desk reviews and site visits: 48%
- Informal reviews only: 15%
- Combination of informal & formal reviews: 11%
- Not Applicable (No sub-recipients): 26%
Received Adequate Monitoring Guidance from Awarding Agency?

Yes: 45%
No: 55%

“We need some more clarification regarding monitoring - who should be monitored, how they should be monitored, examples of appropriate risk assessment, how program and financial areas can work together to monitor sub-recipients.”
Organization has written policies and procedures covering sub-recipient monitoring, including corrective action follow-up?
Sub-Recipient Monitoring - Analysis

Objective of PMA CAP Goal 8, Results-Oriented Accountability for Grants:

- Modernize efforts to achieve impact, mission-driven results, and measurable outcomes for the taxpayer.
- Funders and recipients spend 40% of their time using antiquated processes to monitor compliance, instead of using data and analytics to monitor results.
- Federal agencies can maximize the value of grant funding through application of a risk-based, data-driven framework that balances compliance requirements with demonstrating successful results to the American taxpayer.

According to PMA CAP Goal 8:

President’s Management Agenda (PMA)
Cross-Agency Priority (CAP)
Who should provide additional guidance and training on UG implementation?

- 29.5% of respondents think OMB should provide additional guidance.
- 45% think Federal Award Agencies should provide it.
- 50% of the respondents would like professional associations, such as AGA, to provide training on Uniform Guidance implementation.
- 33% of respondents would like training from those that monitor them – SAA auditors and OIGs of awarding agencies.
“Program managers are not familiar with the Uniform Guidance and its provisions. Federal program managers do not discuss, train, or guide state level managers on this topic.”

“I have been unable to find any training in regard to monitoring of sub-recipients and the challenges/risks faced with auditing these entities.”

“Lack of training done at agency. Top management doesn’t consider it a priority until it becomes an audit finding.”

“There are multiple regulations within each grant and the overarching awards management guidance that is hard to tie together without any formal training in reading and interpreting [requirements].”
Desired Training

- 65% of respondents would like to receive formal, in-person, instructor-led classroom training
- Next top 2 desired formats are: instructor-led webinars and self-paced e-learning
- These findings concur with working group’s anecdotal experience

Which of the following training formats do you find most helpful. Please indicate “1” for your first preference and “5” for your last.
Advantages of Instructor-led Classroom Training

- Importance of peer exchange in formal classroom training
- Live interaction with subject matter expert instructors
- Classes will often include role playing that helps to imprint the concepts being taught

Are you aware that OMB Published Grants 101 Training on its website?

- Yes 19%
- No 81%
Conclusion

- Good News:
  - Respondents find the Uniform Guidance is helpful
- Room for Improvement
  - According to survey results, UG should provide additional details on:
    - Sub-recipient monitoring
    - Procurement requirements
    - Providing authority for pass-through entities to waive prior approval requirements
Future Updates to the Uniform Guidance

- UG is not a “one-and-done” document
- Experience gained in implementing the UG must be captured and interpreted
  - So that policy and guidance be updated, along with ongoing and long-term continuing education
- OMB can address areas that need clarification/simplification in interim guidance and more formal regulatory updates
The Results are Clear

- Recipients, awarding agency staff, and auditors would welcome further UG implementation guidance from a variety of sources.
- But one third of respondents receive conflicting guidance from Federal awarding agencies.
- Targeted areas for additional guidance:
Training and Certification Recommendations

- Comprehensive, long-term approach is needed
- Goal is to build a knowledgeable, well-trained workforce
- U.S. Dept. of Health and Human Services (HHS) has taken the initiative to “Re-Imagine Grants”
  - Goal is to professionalize the grants management practice and raise the entire profession to a defined level of proficiency and knowledge
  - Training and certification are critical success factors
Grants Management Training Must Overcome 4 Challenges

- Outdated information from legacy programs
- Training not specific to the audience or their objectives
- Inconsistent transfer of knowledge across agencies and roles
- Lack of a government-wide professional certification for Federal and recipient grants managers
Drawbacks of Existing Training Programs

Material is prepared at a high level
• Distinctions among the roles for grants management at the entity level are generalized or underserved
• This results in obscuring the effective measurement of program outcomes.

Training does not target specific audience segments
• At the individual level, learners are distinguished by experience, organizational role, or scope of responsibilities
• This results in an overall outcome of awareness of the requirements, but leaves gaps in application and sustainment of a management structure.
Recommendations

- AGA should build upon collaborative forums where federal, state, local, and non-profit organizations come together to share best practices and find common ways to address their challenges.

- HHS should be supported in its efforts to professionalize the workforce, by establishing a grants management professional development and certification program.

- HHS could provide a standard lexicon, established practices, implementation guidance, and continuing education, all of which will lead to a more uniform application of the Uniform Guidance.
Questions?

Thank You!