



...WHERE **K**NOWLEDGE **G**ENERATES **S**OLUTIONS

The Brave New World of Grants Management

June 3, 2015



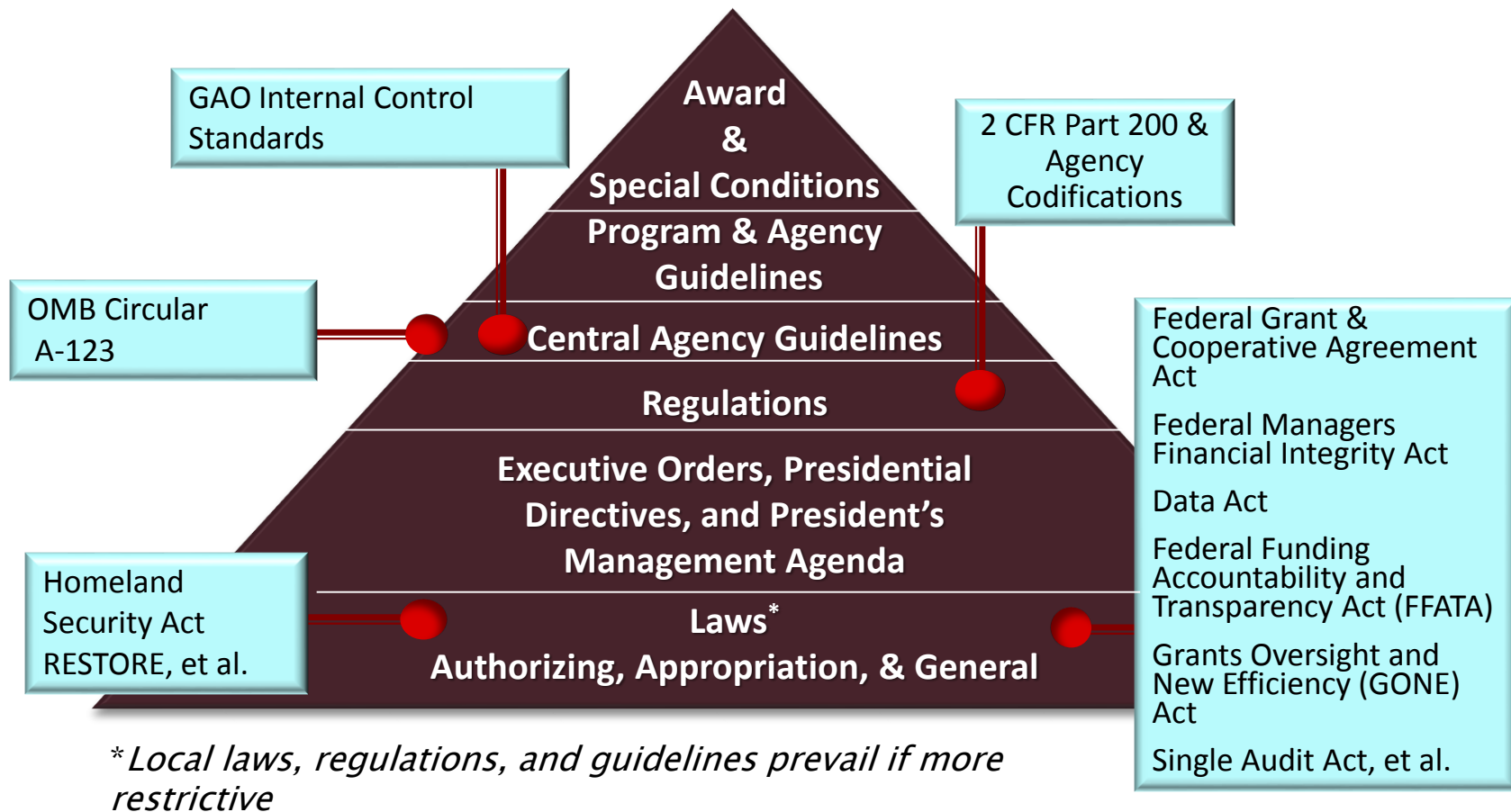
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The Order of Precedence



The Uniform Guidance – 2CFR§200

- **Consolidated legacy guidance and introduced new requirements**
 - Consolidated Governance:
 - OMB Circulars A–21, A–87, A–110, and A–122
 - Circulars A–89, A–102, and A–133*, and
 - The guidance in Circular A–50 on Single Audit Act follow-up

** Except for the Compliance Supplement*



Internal Controls - Requirement

- **2CFR§200.303 Internal controls. The non-Federal entity must:**
 - “Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.
 - These internal controls should be in compliance with guidance in ‘Standards for Internal Control in the Federal Government’ issued by the Comptroller General of the United States or the ‘Internal Control Integrated Framework’, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)”.

Internal Controls Defined in the UG

- **2CFR§200.61 Internal controls means:**

- “A process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - Effectiveness and efficiency of operations
 - Reliability of reporting for internal and external use
 - Compliance with applicable laws and regulations.”

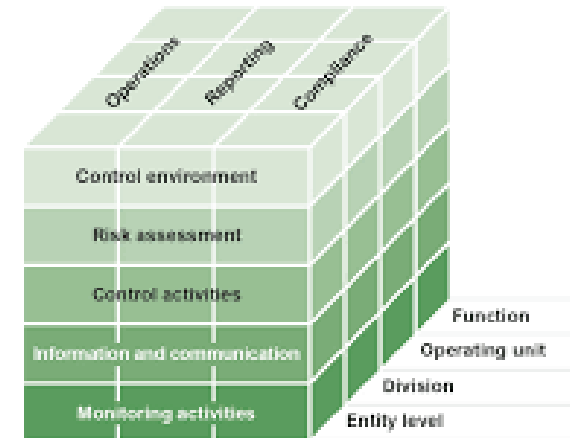
Definition Continued...

- **2CFR§200.62 Internal control over compliance requirements for Federal awards:**
 - **“A process implemented by a non-Federal entity** designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:
 - Transactions are properly recorded and accounted for, in order to:
 - Permit the preparation of reliable financial statements and Federal reports;
 - Maintain accountability over assets; and
 - Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
 - Transactions are executed in compliance with:
 - Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
 - Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
 - Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.”

GAO Internal Control Standards

- **Definition of “Internal Control”:**

- Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.
- These objectives and related risks can be broadly classified into one or more of the following three categories:
 - Operations—Effectiveness and efficiency of operations
 - Reporting—Reliability of reporting for internal and external use
 - Compliance—Compliance with applicable laws and regulations



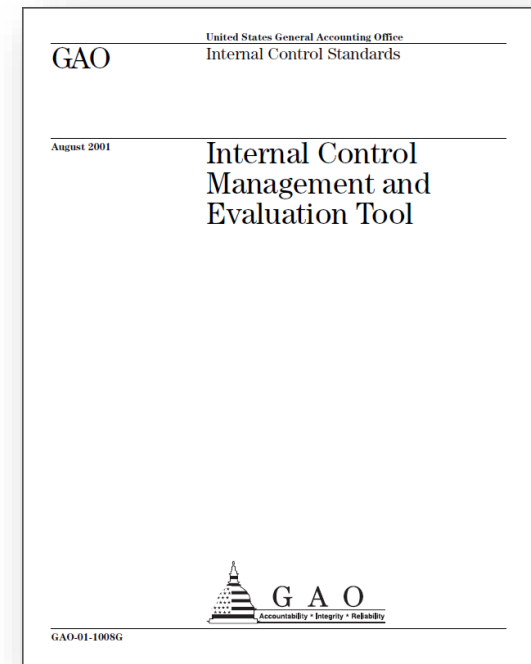
Source: GAO



Source: COSO

How do Grantees Implement?

- The Uniform Guidance does not provide implementing guidance
 - Recipients may look to the Federal implementing guidelines in OMB A-123 *Management's Responsibility for Internal Control*
 - GAO *Internal Control Management and Evaluation Tool*, GAO-01-1008G



Must? Should?

- **What will grant auditors likely expect?**

- Does the grantee organization have its own internal control standards and implementing guidance?
- If not, auditors will look to the GAO or COSO Internal Control Standards and OMB's guidelines as benchmarks
- As a practical matter, grantee organizations must comply with these standards, or risk being found deficient.

Tips for Implementers

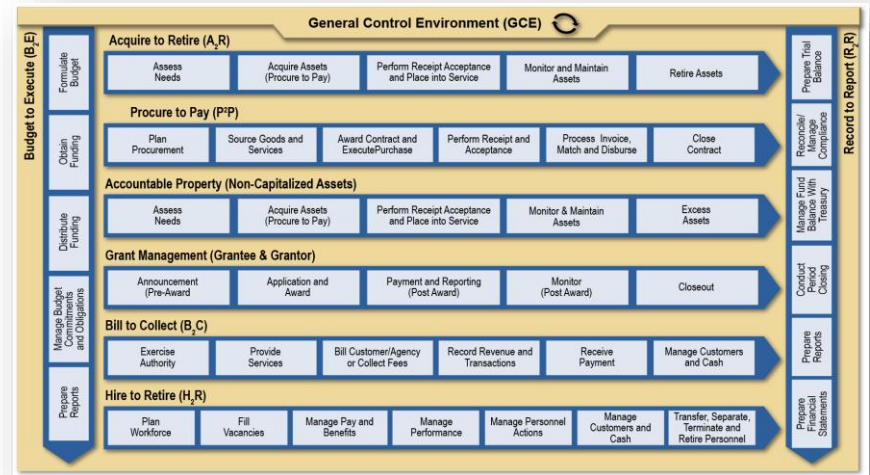


- **Hallmarks of an Effective Control System**
 - Governance, including well-defined enterprise business architecture – including program cycles!
 - Internal control system integrated with Enterprise Risk Management (ERM)
 - Well-defined entity level controls

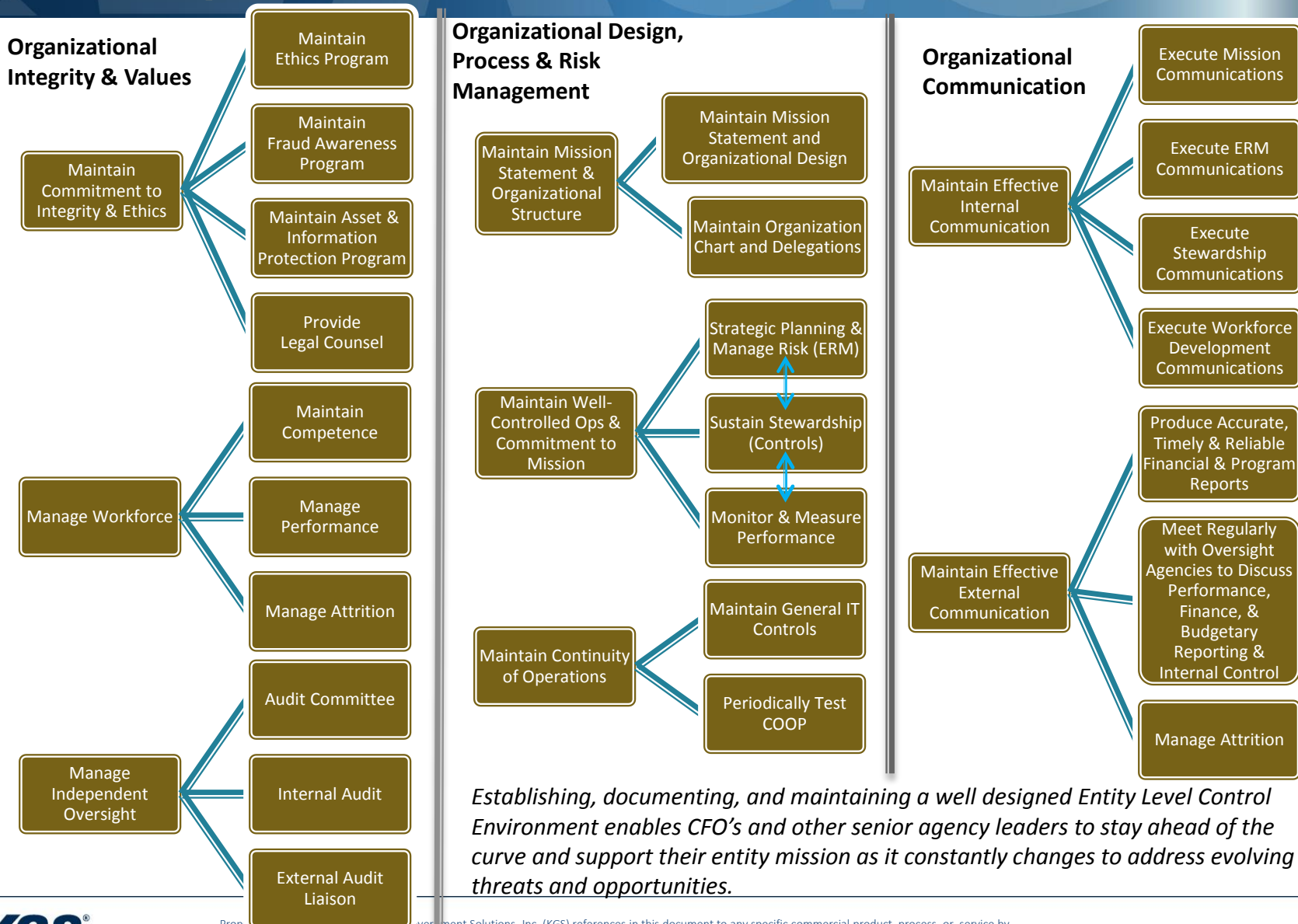
More Tips for Implementers

■ More Hallmarks of an Effective Control System

- Documented processes and controls
- Performance plans include:
 - Process, control, transaction, and corrective action ownership and performance metrics
- Periodic testing of key controls
- Comprehensive corrective action implementation



Entity Level Control Environment: A Conceptual Framework



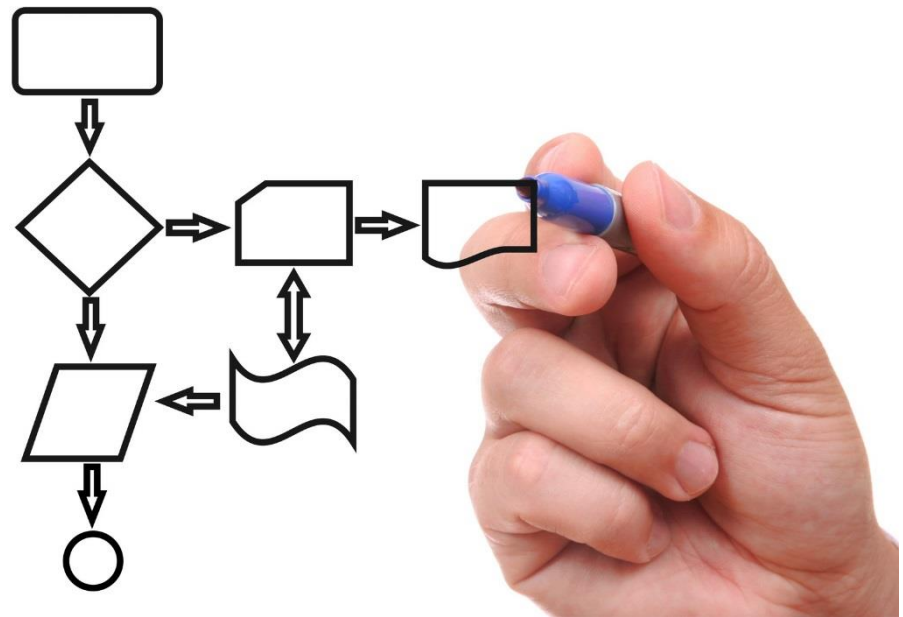
Establishing, documenting, and maintaining a well designed Entity Level Control Environment enables CFO's and other senior agency leaders to stay ahead of the curve and support their entity mission as it constantly changes to address evolving threats and opportunities.

Well-Defined Processes

- **Hallmarks of well-defined processes include:**

- Process narratives built on a foundation of:

- Functional decompositions
- Detailed work breakdown structures
- Process maps showing key control points



Well-Defined Processes Continued...

- More hallmarks of well-defined processes include:
 - Identification of:
 - Process and transaction owners
 - Major transaction classes
 - Transaction posting logic
 - Inputs and outputs, including type of data flowing through process
 - Gaps and compensating controls
 - Applicable laws, regulations, and policies
 - Performance metrics
 - Human capital and skill set requirements
 - Evidential material (documentation)
 - Process flowcharts that use established conventions with process steps and controls cross-referenced to the related narratives

Well-Defined Controls

- Hallmarks of well-defined key controls include identification of:
 - Control technique, objective, and risk:
 - Objective and risk show linkage to major transaction class or risk mitigation
 - Financial, system, or management assertion supported:
 - Financial—PERCV
 - System—CAVR
 - Management—Efficient and effective operations; compliance with laws, regulations and policies; safeguarded assets ; and timely, accurate and reliable budgetary and program reporting

Well-Defined Controls Continued...

- Hallmarks of well-defined key controls include identification of:
 - Frequency
 - Automated or manual
 - Whether the control is designed to prevent or detect fraud
 - Compensating control where gaps exist
 - Control owner
 - Tests of design and effectiveness
 - Evidential matter (documentation) required to show control operates as intended
 - Performance measures and goals related to control operation

Comprehensive Corrective Action

■ Implementing successful mitigations

Finding & Corrective Action Monetization Process

- Evaluate Non-monetary and Financial Risks of Finding
- Score, Rank, Prioritize Findings
- Conduct Root Cause Analysis
- Determine Cost of Solution Alternatives
- Monitor Implementation and Sustainment
- Verify & Validate



Chris Coppenbarger



What is ezFedGrants?

A comprehensive grants and agreements management solution that gives the **agencies** and **recipients** the ability to manage their awards throughout the entire lifecycle of the agreement

- Pre-award: Solicitation, Application and Evaluation
- Award: Execution (with electronic signature)
- Post Award:
 - Claims
 - Progress Reports (Financial and Performance)
 - Amendments
- Closeout



ezFedGrants Functionality

Key Functionality

- Comprehensive Financial Management Integration
- Reporting Data
- Claims: Advances, Reimbursements, or Both
- SAM / CCR Vendor Records
- Secure Environment

In Progress Enhancements

- Data Act Compliance
- Grants.gov Integration Application Review Process (ARP)
- Automated Standard Application for Payments (ezFedGrants) Integration
- Cloud Based

Future Enhancements

- Inter-Agency Agreements (IAAC)
- Repayments
- Collection Agreements
- MOU / MOA

ezFedGrants Overview

Benefits of ezFedGrants

- Decreased overall Grant Program costs
- “One source of the financial truth”
- Consistent and efficient procedures across agencies
- Enforced compliance
- Traceable workflow
- Automated Progress Reporting
- Electronic Signature

In Process ezFedGrants Agencies

- National Institute for Food and Agriculture (NIFA)
- Animal Plant and Health Inspection Service (APHIS)
- Forest Service (FS)
- Research, Education, Economics Agencies (ARS, ERS, NASS)
- OAO

Current ezFedGrants Agencies

- Foreign Agriculture Service (FAS)
- Food and Nutrition Service (FNS)
- Natural Resources Conservation Service (NRCS)
- Agricultural Marketing Service (AMS)

Relevant Agreement Types

- Entitlement Grants (via State Block Grants), Discretionary Grants
- Other Federal Financial Assistance Transactions



Control Objectives

- Internal:
 - Effective and efficient program activities and operations
 - Reliable, complete, and timely data are maintained
 - Compliance with applicable laws and regulations
 - \$75 billion worth of programs and resources are protected from waste, fraud, and mismanagement
- Other:
 - A safe and secure system
 - Effective customer service experience

Effective and Efficient Program Activities and Operations

- Effective controls ensured via:
 - Separation of duties
 - Functions being tied to business rules
 - Checks and balances across lifecycle functionality
- Ability to inform all parties:
 - The status of grants
 - Any problems with grants leading to faster remediation

Search Result

Claim ID	Agreement Number	Agreement Title	Organization	Status	Last Updated	Created by
CLM-7	TA-CR-15-002	Test App	TEXAS A & M RESEARCH FOUNDATION	Accepted for Payment Processing	12/19/14	TEST GAO
CLM-8	TA-CR-15-002	Test App	TEXAS A & M RESEARCH FOUNDATION	Accepted for Payment Processing	12/19/14	TEST GAO
CLM-21	BF-CR-15-002	Test	ATE UNIVERSITY	Accepted for Payment Processing	1/22/15	WILLIAM RICE

Reliable, Complete, and Timely Data are Maintained

- GOAL: Our financial data is reliable, complete, and timely
- “One source of the financial truth”
- External portal is mobile enabled
 - Real time program data can be pulled from a site visit or submitted performance report
 - We can now focus on outcomes and how the money ties to award deliverables in real time
- Cloud computing and BI reporting



Compliance with Applicable Laws and Regulations

- GOAL: Ensuring compliance at government wide, department, agency, and program levels
- USDA data is compliant with budget, finance, grant and program administration
 - Paper Reduction Act, record retention, etc.
- With a consolidated system we can:
 - Assure no action is taken with any parties on the “Do Not Pay List”
 - Utilize the system’s A-123 compliance attributes with the general ledger’s financial data



Protection from Waste, Fraud, and Mismanagement

- GOAL: Preventing Waste and Fraud
 - Predictive / Proactive analytics
 - Budgeting performed at the cost element level
 - Helps to understand if the user is on target with the original budget and scope of work
- GOAL: Preventing Mismanagement
 - System knows if an Unliquidated Obligation (ULO) is valid or invalid
- System automation provides program personnel more time to provide oversight
 - Perform site visits, review documents, ensure no stealing
 - Increased reporting capabilities

Security

- GOAL: A secure environment
- USDA eAuthentication
 - System used by USDA agencies to enable customers to obtain accounts that will allow them to access USDA Web applications and services via the Internet
 - All users required to have Level 2 eAuthentication
 - Requires a positive ID verification at site to obtain profile, or use of Application Access Assistant (AAA)
 - After obtaining profile, username and password are needed to access system
 - In compliance with NIST standards
- Agency Firewalls



United States Department of Agriculture
USDA eAuthentication

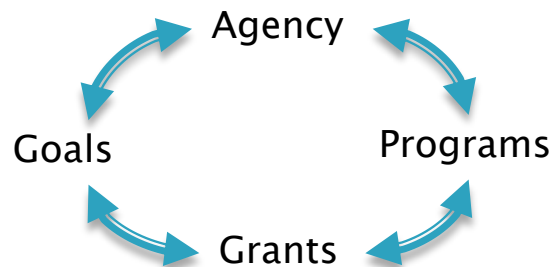
Security

- An external organization must first receive positive validation linking them to their SAM / CCR Record
- External organization then manages all subsequent requesters
- Users can only see their organization's portfolio within ezFedGrants
 - DUNS Number and CAGE Number – organization can further use these to limit what you see within their organization
 - User role permits the number of actions a user is able to perform



Looking Forward

- We have a comprehensive design approach to strong internal controls; continuously rolling out new functionality
- Improved use of analytics and increased transparency between program and grant data
- Our target: All award deliverables are aligned with an agency's strategic goals and objectives
- Effective customer service experience



- For more information about USDA Shared Services, please contact Lisa Taylor at:
 - Lisa.Taylor@cfo.usda.gov

- For more information about ezFedGrants, please contact Chris Coppenbarger at:
 - Christopher.K.Coppenbarger@cfo.usda.gov

Andrea Brandon



An Update on Federal Reporting Requirements

- Federal Awardee Performance and Integrity Information System (FAPIIS)
- Digital Accountability and Transparency Act (DATA Act)
- Grants Oversight and New Efficiency (GONE) Act



FAPIIS

- Federal Awardee Performance and Integrity Information System
- Database for Information Regarding Performance and Integrity of Awardees of Federal Contracts and Grants
- **FAPIIS Authority:**
 - Section 872, Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Pub. L. No. 110-417, codified as amended at 41 U.S.C. Subsection 2313)
 - July 22, 2015 OMB final rule implements FAPIIS

FAPIIS Consolidates Systems

- As required by Section 872, OMB & GSA have established FAPIIS
- Includes government-wide data related to performance and integrity of entities awarded federal grants and contracts
- Integrates various sources of information on the eligibility of organizations for government awards

Applicability Date

- Beginning on **January 1, 2016**, Federal awarding officials are required to review FAPIIS
- Ensures awards are issued to reliable, qualified recipients
- **Two primary modules:**
 - **Contractor Performance Assessment System (CPARS)** allows Federal agencies to create records on terminations and non-qualified recipients
 - **Past Performance Information Retrieval System (PPIRS)** allows Federal grants officers to review past performance history

Federal Agency Responsibilities

- Consider information in FAPIIS before awarding a grant greater than \$150,000
- Notify applicants and recipients in Notices of Funding Opportunities and Federal award terms and conditions that an entity may submit comments in FAPIIS about any information that the Federal awarding agency reported to the system



Federal Agency Responsibilities

- Report any termination of an award due to a material failure to comply with award terms and conditions
- Report any administrative agreement with a non-Federal entity to resolve a suspension or debarment proceeding
- Report any finding that a non-Federal entity is not qualified to receive a given award if the finding is based on the entity's integrity or prior performance under a Federal award

Recipients' Responsibilities

- Recipients with grants and cooperative agreements with a cumulative value greater than \$10 million are to report in FAPIIS certain civil, criminal and administrative proceedings in the past five years that were connected to a Federal award



More Information on FAPIIS

- Federal Register, Vol. 80, No. 140, Wednesday, July 22, 2015
- FAPIIS Website: <https://www.fapiis.gov>
- CPARS: <https://www.cpars.gov> – look for “Training”.
Monthly updates on FAPIIS available
- PPIRS: <https://www.ppirs.gov>
- Help Desk @ 207-438-1690 - Dedicated CPARS/PPIRS Help Desk

DATA Act

- Expands the Federal Funding Accountability and Transparency Act (FFATA) 2006 with additional requirements: Link grant, contract, and loan data to Federal programs of Federal Agencies; and transfers the oversight from OMB to Treasury

DATA Act

- Establish Government-wide data standards for financial data and provide consistent, reliable and searchable data on USASpending.gov; and:
 - 1) Incorporate widely accepted common data elements, such as those developed and maintained by:
 - a) An international voluntary consensus standards body;
 - b) Federal agencies with authority over contracting and financial assistance; and
 - c) Accounting standards organizations;

DATA Act

- 2) Incorporate a widely accepted, nonproprietary, searchable, platform-independent computer-readable format;
- 3) Include unique identifiers for Federal awards and entities receiving Federal awards that can be consistently applied Government-wide;
- 4) Be consistent with and implement applicable accounting principles;



DATA Act

- 5) Be capable of being continually upgraded as necessary;
- 6) Produce consistent and comparable data, including across program activities; and
- 7) Establish a standard method of conveying the reporting period, reporting entity, unit of measure, and other associated attributes

DATA Act

- Grants, contracts and loans; with USASpending.gov are moved to Treasury Department
- Prime recipients must continue to report sub-awards to USASpending.gov
- Improve quality of data submitted to USASpending.gov by holding agencies accountable for completeness and accuracy of data submitted

DATA Act

- Streamline and standardize reporting requirements for entities receiving federal funds; reduce compliance costs and improve transparency; require common reporting elements and reduce duplication in financial reporting
- Apply approaches developed by the Recovery Act Transparency Board (RATB) to spending across the Federal Government
- Data must be available in machine readable and open formats; and capable of being downloaded in bulk and used for automated processing

DATA Act

- Financial data standards shall include common data elements for financial and payment information required to be reported
- Treasury to establish a data analysis center and establish MOUs with each federal agency to provide payment for data analysis center functionality; and transfer of all RATB Recovery Operations Center assets to Treasury



DATA Act

- **Not later** than 1 year after the enactment of the DATA Act, OMB will conduct a 2 year pilot program to implement the new standardized reporting elements, including revised financial reporting requirements.
- The pilot will include Federal grants, contracts and sub-awards from multiple federal agencies in an aggregate amount of \$1-2 billion dollars;
 - Data will be collected on a 12 month reporting cycle; and shall submit the required data elements to the OMB.
 - Within 90 days after the pilot, OMB shall submit a report to Congress pertaining to the results of the pilot.

DATA Act

- **Not later than 3 years** after the date of enactment of the DATA Act and monthly when practicable, but not less than quarterly, Treasury in consultation with OMB shall ensure that the following information is posted:
 - 1) For each appropriations account, including an expired or unexpired appropriations account, the amount—
 - a) of budget authority appropriated;
 - b) that is obligated;
 - c) of unobligated balances; and
 - d) of any other budgetary resources;

DATA Act

- 2) From which accounts and in what amount—
 - a) Appropriations are obligated for each program activity; and
 - b) Outlays are made for each program activity;
- 3) From which accounts and in what amount—
 - a) Appropriations are obligated for each object class; and
 - b) Outlays are made for each object class; and
- 4) For each program activity, the amount—
 - a) Obligated for each object class; and
 - b) Of outlays made for each object class.

DATA Act

- **Within 1 year after date of enactment of DATA Act** OMB and Treasury shall issue guidance to the Federal agencies for data standards;
- Within 2 years after the date of the OMB/Treasury guidance, Federal agencies shall report financial and payment information data on the USASpending.gov website

So, Where are We NOW?

- Financial Assistance – During February, the Grants Data Standards Working Group (G-DSWG) conducted a series of 4 meetings with OMB and Treasury participation to review 82 of the 103 data elements. The data elements were categorized into the following groups (see attached file with corresponding spreadsheets):
 - OMB Data Elements – Contains data element names, descriptions, and business line as provided in OMB documentation;
 - Treasury DATA Act Schema Elements – Includes all data elements names and definitions provided in the Treasury DATA Act Schema;
 - FFATA Data Elements – Contains the data element names and definitions provided in FFATA.

FA Community Recommendations to Treasury

- Following extensive and robust discussions, the G-DSWG completed their review and analysis of the data elements.
- The group concurred with approximately 50% of the 82 data elements. Of the remaining data elements, 22 received tentative concurrence with further research, which has now been resolved; and 18 did not receive concurrence (see Table below).

	Concur with no issues	42
	Concur with questions/research	22
	Non-concur with questions/research	18

FA Community Recommendations to Treasury

- RSS version 1 came out on 3/29/2016 and the final version will be out on April 26, 2016.
- Between these two dates, all concerns will be addressed and a final schema will be produced.

Grants Oversight and New Efficiency (GONE) Act

- GONE Act – Enacted 1/28/2016
- Financial and Administrative Reporting of Expired Grants
- Data Elements:
 - Grants Mgmt/Payment System Data Extract:
 - 1) List each Federal grant held by the Agency
 - 2) Total number of Federal Grant awards
 - By Time period of Expiration
 - Zero dollar balances
 - Undisbursed balances

GONE Act

- Narrative/Analysis:
 - Describe challenges to closeout
 - Explanation of why oldest 30 grants not closed out
 - Include explanation of missing information and plans to improve, including data systems

NOTE: An Agency may use existing multiagency data systems to submit the report.

GONE Act

- Reporting Requirement:
 - One time requirement with 2 ½ year implementation timeline and then will sunset
 - OMB: to inform agencies to submit report within 180 calendar days of enactment (July 2016)
 - AGENCIES: Submit list of expired federal grants in Government agency payment systems greater than 2 years old including 30 oldest grants by December 31, 2017 (first calendar year after date of enactment)

GONE Act

- AGENCIES: Submit Notices to HHS by December 31, 2018 on status of listed grants
- HHS: to compile agency notices to Congress on closed grants 90 days by 3/31/2019
- OMB: Submit legislative recommendations to improve grant oversight and accountability on timely grant close-out 180 days after HHS update (9/30/2019)

The Presenters

Chris Coppenger

Mr. Coppenger is the Program Management Officer for the USDA OCFO Grants Management Line of Business.



He is a key visionary for USDA's enterprise-wide grants management solution, ezFedGrants, which is part of USDA's National Finance Center's shared financial services. Chris provides senior level functional support, including key roles in marketing services, expanding system functionality, supporting client agencies, and implementing governance structure. His efforts are aligned with providing greater transparency, accountability, efficiency, and cost savings. He collaborates with multiple agencies to ensure USDA's compliance with grant related Federal statutes and regulations, including FFATA/DATA and 2 CFR Part 200.

The ezFedGrants solution currently supports four USDA agencies' grant programs (~ \$75 billion). Nine additional agencies are at various stages of on-boarding with an expectation that all 16 USDA grant making agencies, and their 253 programs with \$125 billion in funding, will be in the system by the end of 2018.

Chris has over 12 years of Federal grant and related agreements experience, including positions at the National Institute of Food & Agriculture (Senior Policy Advisor), Foreign Agricultural Service (Agency Grants Management Officer), Forest Service (Grants Policy Analyst and Presidential Management Fellow). Chris also served in the Peace Corps in Tanzania. He earned a Doctor of Jurisprudence from South Texas College of Law, and a Master in International Development and Social Change from Clark University.

Chris is the 2016 National Grants Management Association Impact/Public Sector Award recipient.

Andrea Brandon

Ms. Andrea Brandon is the Director, Financial Assistance Policy and Oversight, Department of Homeland Security (DHS). She provides leadership and strategic direction for financial assistance programs across the DHS. Andrea also has broad experience in risk management, audits, internal controls, information technology, acquisition management, and financial operations in a federal career spanning 26 years. Previously, she was the Assistant Director for the National Institute of Food and Agriculture. At HHS Andrea was the Director of Grants Policy. She has led several government-wide initiatives: FFAMIA Grants Streamlining; and chaired the CFO Council's Grants Training and Certification Workgroup, and the FFATA Grant Subaward Pilot Subcommittee (grants management training and certification program development). She also participated in the Transparency Act grant subaward pilot. At HHS, Andrea led the Grants Management Line of Business Grants System consolidation effort.



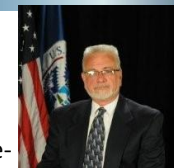
Ms. Brandon holds a Bachelor degree in Behavioral and Social Sciences from the University of Maryland and a Masters degree in Public Administration from the American University.

Ms. Brandon has provided numerous grants management technical assistance presentations in for Congressional constituencies; and agency and professional association webcasts and conferences.

Andrea has recently been appointed as the co-chair of COFAR (Council on Financial Assistance Reform) where she helps to promote effective grants policy governmentwide

James (Jim) McKay

Jim is the Principle Grants Management Subject Matter Expert in KGS. His career in federal financial management spans 35 years. A former Inspector General, Jim spent the last eight years of his career as the Deputy Comptroller of the Office of Justice Programs where he managed a \$30 billion active grant portfolio. Jim started his career as a GAO program and financial auditor. He moved to the Department of Housing and Urban Development where he helped implement the agency's internal control program. At the same time, he co chaired the interagency workgroup that revised OMB Circular A-123, Management's Responsibility for Internal Controls. Jim served as the Deputy Director, Financial Management at the Transportation Security Administration in a post retirement reappointment. Jim has provided grants management training and instruction to professional associations, and Justice and FEMA staff and grantees, including police attending the FBI National Academy.



Jim has a Masters of Business Administration, and is a Certified Internal Control Auditor. He is currently coauthoring the Grants Management Body of Knowledge (GMBok) with Ms. Theresa Falance for the National Grants Management Association (NGMA).