

Are You Up To Date on OMB Guidance?

Maryland Governor's Grants Conference

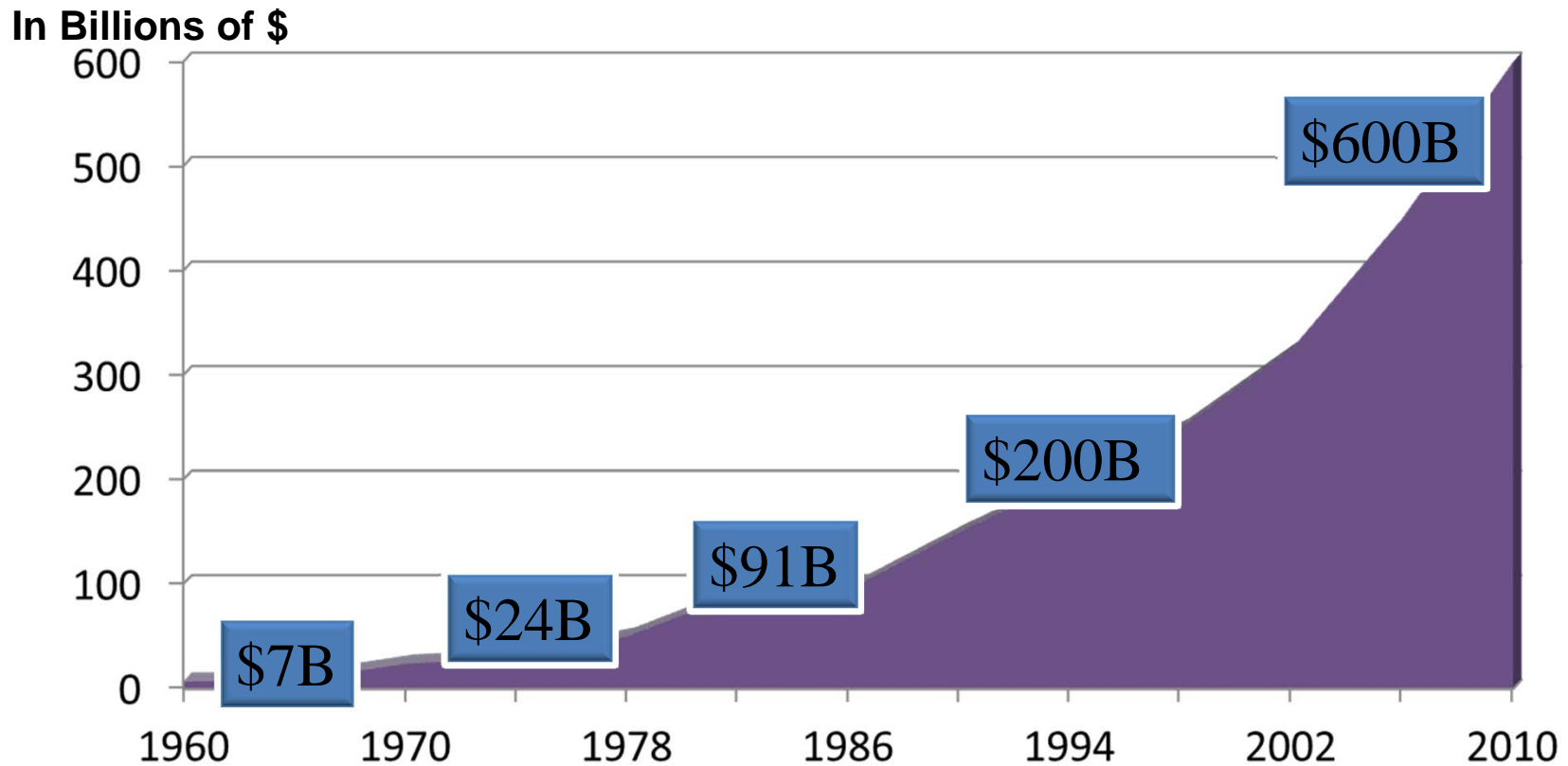
March 21, 2013

Improving Management of
Federal Grant Dollars:
Council On Financial Assistance Reform (COFAR)
Priorities for FY13-15

Presented by Victoria Collin, Office of Management and Budget

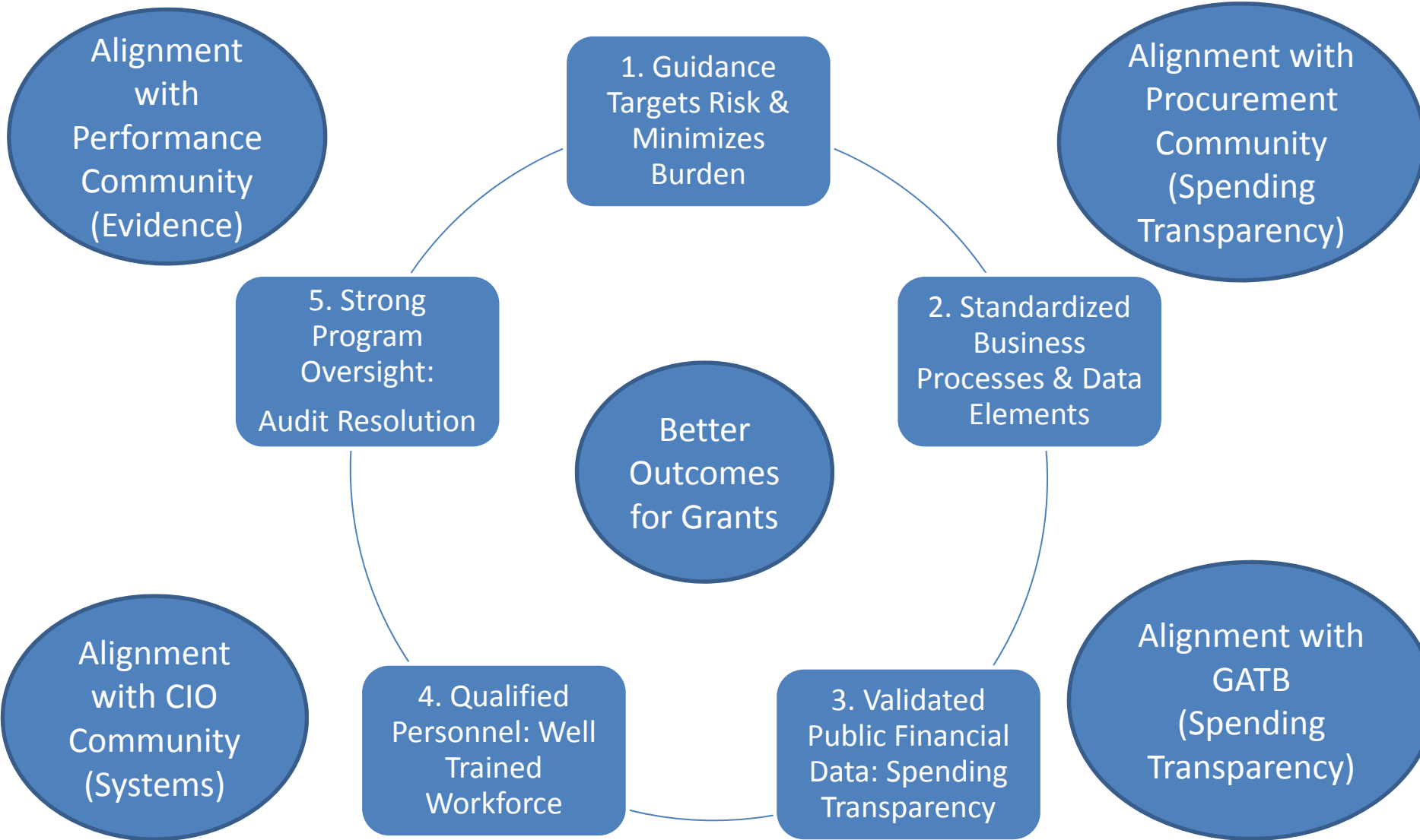
The Council on Financial Assistance Reform was established in 2011 as a governance body to provide policy level leadership for the Federal grants community. For more information please visit cfo.gov/cofar.

Increase in Federal Grants Activity



The Catalog of Federal Domestic Assistance lists more than 2,000 Federal grant programs

COFAR Priorities: Strong Controls Yield Better Outcomes



Grants Circular Reform: Background

Challenge

- Eight overlapping complex sets of guidance
- Federally funded scientists report spending on average 40% of their time on administrative tasks
- Over 4,000 audited programs failed to receive clean opinions in 2011 (3% of total audited programs)
- Major programs report repeat audit findings causing material noncompliance but no easy way to track repeat findings.
- No existing guidance holds agencies and recipients accountable effectively correcting financial integrity weaknesses.

Proposed Reform

- February 1, 2013- Notice of Proposed Guidance in Federal Register (www.regulations.gov, docket OMB-2013-0001)
- By December 2013 Finalize Guidance

Grants Circular Reform: Background

- Presidential Directives for Reform:
 - November 2009 EO 13520 on Reducing Improper Payments
 - February 2011 Presidential Memorandum
- Engagement with Stakeholders:
 - February 2012 Advance Notice of Proposed Guidance (ANPG) in Federal Register (over 350 comments received)
 - The Council on Financial Assistance Reform developed this Proposed Guidance reflective of stakeholder feedback
- Next Steps:
 - Public comments due June 2nd
 - Reforms finalized by end of 2013

Grants Circular Reform: Proposed Elements

- Administrative Requirements (A-110, A-102, A-89)
 - Require Pre-Award Consideration of Merit/Risk
 - Streamline and Clarify Guidance on Subrecipient Monitoring
- Cost Principles (A-87, A-21, A-122)
 - Provide Consistency on Negotiated Indirect Cost Rates
 - Simplify Reporting Requirements for Time and Effort
 - Allow direct charging of directly allocable administrative costs: consistent definition of indirect costs

Grants Circular Reform: Proposed Elements

- Single Audit and Audit Follow-up (A-133 & A-50)
 - Target Audit Resources Based on Risk:
 - Raise Threshold From \$500k to \$750k
 - Revise Definition of “Major Programs” to Focus Audits on Material Issues
 - Reduce from 14 to 7 the types of compliance requirements audited
 - Strengthen Audit Follow-up
 - Senior Accountable Official, implement metrics on repeat findings, encourage cooperative audit resolution
 - Make audit reports and management decisions public, allow for reliance on cognizant entity decisions where applicable

Grants Data Standardization

Challenge

- Over 700 distinct grant related forms approved in OMB database
- Inefficient use of recipient and Federal resources to comply with guidance
- Non-standard data definitions compromise quality of publicly reported financial data

Proposed Deliverables

- By December 2013 issue revised pre and post award standard data elements
- By December 2015 allow any non-standard form approvals to expire

Spending Transparency

Challenge

- Lack of control totals to verify accuracy of spending data and financial data and accountability to stakeholders
- Disparate communities are working to standardize data elements that may overlap but not align
- Lack of high quality information on which to base program management decisions
- Inability to adequately satisfy requests for information

Proposed Deliverable

- By April 2013 publish guidance on leveraging financial data oversight and internal controls for spending data (implemented by January 2014)
- By October 2014 publish payment information repository (Treasury)
- By October 2015 improve quality of publicly reported financial data

Workforce Development

Challenge

- Lack of consistent standards for qualifying people to perform the grants management function
- No government-wide core training required of people performing the grants management function

Proposed Reform

- By September 2013
 - Establish core competencies for grants managers
 - Establish governmentwide resource repository for federal grants professionals – agencies begin leveraging existing resources to train workforce.

Program Oversight: Audit Resolution

Challenge

- 4,000+ audited programs failed to receive clean opinions in 2011 (3% of total audited programs)
- Major programs report repeat audit findings causing material noncompliance, but no easy way to track repeat
- No existing guidance holds agencies and recipients accountable for effectively correcting financial integrity weaknesses
- Lack of prompt follow-up actions leads to unresolved audit findings, which increases risks to program integrity

Proposed Reform

- By October 2013, identify high risk programs, baseline “unclean” audit opinions and material audit findings, and develop a corrective action plan to resolve high risk findings.
- By August 2015, based on FY14 audits, measure the reduction in “unclean” audit opinions on identified programs.
- By December 2015, COFAR will review the results and recommend best practices for audit resolution government-wide.

Next Steps: Engage With COFAR

For More
Information Visit:
CFO.gov/COFAR

Send Questions To
COFAR@omb.eop.gov

Submit comments
at:
www.regulations.gov
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