



Cooperative Audit Resolution and Oversight Initiative (CAROI)

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CAROI vs. Traditional Audit Resolution

Traditional Audit Resolution	CAROI
Rigid process, with specific procedures, timelines	Open-ended process – more of a problem-solving approach
Participants typically work in ‘stovepipes’ - little communication between	Collaborative process where all participants share ideas and information
Focus is on the ‘fix’ to the specific problem identified in the audit	Focus is determining the ‘root cause’ of the problem, so it doesn’t recur
Audit issues often recur year after year	With a broader focus, issues tend to be resolved effectively and not recur
Focus on the individual	Focus on the team
Grantee has minimal involvement in resolution	Grantee is part of the resolution team
Audit information is rarely used in grant administration	CAROI data and strategies have applicability to all phases of grant cycle oversight

CAROI vs. Traditional Audit Resolution

Traditional Audit Resolution	CAROI
Audit information is rarely used in grant administration	CAROI data and strategies have applicability to all phases of grant cycle oversight
The process for resolving audits with complex issues and significant recovery of funds is often a barrier to forming effective and trusting relationships between parties involved in audit resolution	CAROI facilitates trust, cooperation and mutual decision-making – everyone is part of the solution and shares responsibility
Audit issues are not impacted by monitoring or grantee performance data	The team considers all data related to the grantee in resolving audit issues

The Principles of CAROI

- Communication
- Collaboration
- Trust
- Understanding
- Resolution
- Sharing

Questions to ask when considering CAROI for your organization

- Who in your organization is the ‘CAROI champion?’
- Is there support for CAROI at the ‘top’ of your organization?
- How does your organization or agency approach audit resolution – in a linear fashion, with one group or office primarily responsible?
- Are problems resolved in a collegial manner, or is yours a very ‘top-down’ organization?

Questions to ask when considering CAROI for your organization

- Are senior level management amenable to new, creative, non-traditional ideas?
- Willing to (or has a history of) working across agencies and/or offices?
- Do you have the commitment from individuals who have decision-making authority from different areas of the organization?
- Are there frequent/outstanding issues that would be appropriate for a CAROI approach (recurring, involve multiple programs, pervasive oversight findings regarding program performance)?

Questions to ask when considering CAROI for your organization

- Long-standing issues where litigation has been initiated?
- Are your grantees willing and able to participate in a CAROI effort?
- Is your organization capable of and willing to devote necessary resources to initiating and sustaining a CAROI process?
- Is there common agreement to and understanding of CAROI principles and desired outcomes?

Why CAROI?

- Takes a comprehensive look at audit findings and attempts to resolve findings so they don't repeat.
- Greater success in attaining program goals at all levels of government through the use of monitoring and technical assistance.
- All stakeholders come together to find ways to resolve the findings and chart a course for program improvement.

How Can CAROI Work at the Federal Level

- Identify States that have recurring findings by looking at audit data, monitoring reports, and grant performance data.
- Review audit findings to determine programmatic and fiscal areas that repeat.
- Contact appropriate Federal officials from program offices, audit resolution, office of risk management, general counsel, inspector general to form the Federal team.

How Can CAROI Work at the Federal Level

- Contact the State to solicit interest in participating in CAROI process
- State assembles their CAROI team
- State contact LEAs where appropriate that are experiencing recurring audit findings
- LEA(s) assemble their CAROI team
- Meeting of all parties is held to begin CAROI process

How Can CAROI Work at the State Level

- State officials review audits, monitoring reports, fiscal data and performance data to identify problem areas in grant implementation.
- Contact appropriate State officials to form the State CAROI team
- If problem areas are relevant to only select LEAs, reach out to LEA officials to gauge interest in participating in a CAROI project.

How Can CAROI Work at the State Level

- If LEA(s) want to participate, hold an initial CAROI meeting with State and LEA officials.
- If LEA(s) are unwilling to participate, the State CAROI team will begin the CAROI process.

CAROI activities throughout the life-cycle of a Federal Grant

Pre-Award

- The CAROI team should review grant requirements and consider potential risk factors associated with the grant. These factors may include:
 - Size of the grant award
 - Grant requirements (program, fiscal and the role of grantee and grant making institution)
 - History (or lack) of implementation
 - Prior audit/oversight activity associated with the grant and/or grantee

CAROI activities throughout the life-cycle of a Federal Grant

- When potential risks have been identified, the CAROI team should strategize ways to proactively address the issues – the intensity of the approach can range from general awareness of potential issues to the implementation of safeguards to ensure compliance issues don't occur (in the first place)
- Identify technical assistance activities to address potential issues
- Identify a process for monitoring the implementation of the grant and the role of associated parties

CAROI activities throughout the life-cycle of a Federal Grant

During the Grant Award Period

- The schedule and methods of monitoring/auditing the grantee and a mechanism for communication between all parties (Federal/State/local, as appropriate) should be implemented.
- If any compliance issues (audit/monitoring) are identified, the CAROI group meets to discuss the issue, review history, identify root causes, and agree upon a solution to the issue.
- Identify and provide appropriate technical assistance to grantee
- Monitor implementation of the solution

CAROI activities throughout the life-cycle of a Federal Grant

Post Award

- Review the results of audit/oversight activities
- Determine whether identified risks were resolved/mitigated/reduced/etc
- Evaluate effectiveness of technical assistance provided to grantee
- Determine whether issues can be generalized and applied across grantees (are compliance and/or internal control issues grantee-specific, or inherent problems associated with the grant.)

Panel Questions

- Given what you know and understand about the CAROI process, what are the first five things that you would do to get a CAROI effort started?
- What are the potential advantages and benefits to your organization that would make a CAROI approach appealing?
- What are some of the issues (top 3) specific to your organization that could potentially make a CAROI effort challenging?

Panel Questions

- Give an example of an audit issue that has been historically challenging to resolve that the team might undertake?
- From an auditor's perspective (or that of a resolution specialist) what concerns would you have regarding this approach?
- How do you see the CAROI approach as a tool or strategy to assist in the oversight of grants?
 - At the 'pre-award' stage?
 - During the grant period?
 - Post award?

Questions and Answers

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