

The CAROI Story

1

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**PRESENTED TO MARYLAND GOVERNOR'S GRANTS
OFFICE CAROI WORKSHOP 9.26.13**

CAROI and Alternative Dispute Resolution

2

“THE ADVERSARIAL SYSTEM IS EXPENSIVE, DISRUPTIVE, AND PROTRACTED. MORE SIGNIFICANTLY, BY ITS VERY NATURE, IT TENDS TO DRIVE PARTIES FURTHER APART, WEAKENING THEIR RELATIONSHIP, OFTEN IRREPARABLY.”

WHAYNE HOAGLAND, BUSINESS INSURANCE

CAROI Background

3

- How we got started and why
- 4 Goals of CAROI
 - Create and maintain a dialogue
 - Resolve audits cooperatively
 - Improve audits
 - Coordinate audits, monitoring, and technical assistance
- Beginning with the end in mind

Edw. J. Clark, Jr.

Dick Jordan

Certificate of Appreciation

Peter Bralovic Ted Mueller

Chuck Walker

Andy J. Eckert

CAROL

Hazel Evans

Fanny N. Funder
Helen J. Taylor

Nancy Coody

**Commonwealth
of Pennsylvania**

Jane Allister



**U.S. Department of
Education**

A Colene Nelson

*for the Federal/State Partnerships which resulted in the
Cooperative Audit Resolution Agreement signed in
Gettysburg, Pennsylvania*

February 27, 1998

Burke

Phil Rosenfelt

Rick Dale

Lynette Courson

Carolyn Angler

John Holkewski

Ronald Petracca

Fitch Fann

Cyber

Richard J. Cook

Steve Cosmichi

What Others are Saying

5

“As the Comptroller for Pennsylvania, I was directly involved with establishing the CAROI process in the Commonwealth. It was one of the most productive and satisfying experiences in my 25 years as a state government official. The establishment of this process provided a solid foundation for effective and successful future collaboration among all levels of government.”

**—Harvey C. Eckert, Retired Comptroller,
Commonwealth of Pennsylvania, Feb. 1, 2010**

Ensuring Success

6

- **Making CAROI your own**
- **CAROI Partners**
 - Tribal Government Initiative
 - EEOC
 - OMB Grant Reform and Strong Program Oversight Pilot
- **Data analytics and CAROI techniques**

OMB Proposed Grant Reform

7

***OMB UNIFORM GUIDANCE: COST
PRINCIPLES, AUDIT, AND
ADMINISTRATIVE REQUIREMENTS
FOR FEDERAL AWARDS***

***WHAT DOES CAROI GOT TO DO WITH
IT?***

OMB Defines CAROI

8

Cooperative Audit Resolution means the use of audit follow-up techniques which promote prompt corrective action by improving communication, fostering collaboration, promoting trust, and developing an understanding between the Federal agency and the non-Federal entity. This approach is based upon:

- a. A strong commitment by Federal agency and non-Federal entity leadership to program integrity (**tone at the top**)
- b. Federal agencies strengthening partnerships and working cooperatively with non-Federal entities and their auditors; and non-Federal entities and their auditors working cooperatively with Federal agencies (**open dialogue**)
- c. A focus on current conditions and corrective action going forward (**focus on results**)
- d. Federal agencies offering appropriate amnesty for past noncompliance when audits show prompt corrective action has occurred (**getting to yes**)
- e. Federal agency leadership sending a clear message that continued failure to correct conditions identified by audits which are likely to cause improper payments, fraud, waste, or abuse is unacceptable and will result in sanctions (**take responsibility for accountability**)

OMB Proposed Grant Reform and Cooperative Audit Resolution Mechanisms

9

FOLLOW-UP ON AUDIT FINDINGS TO ENSURE THAT THE NON-FEDERAL ENTITY TAKES APPROPRIATE AND TIMELY CORRECTIVE ACTION. AS PART OF AUDIT FOLLOW-UP, THE FEDERAL AWARDDING AGENCY SHALL:

(C) USE COOPERATIVE AUDIT RESOLUTION MECHANISMS (SUBPART A – DEFINITIONS,) TO IMPROVE FEDERAL PROGRAM OUTCOMES THROUGH BETTER AUDIT RESOLUTION, FOLLOW-UP, AND CORRECTIVE ACTION;

OMB Proposed Grant Reform and Cooperative Audit Resolution Mechanisms

10

**PROVIDE OMB WITH THE NAME OF A
KEY MANAGEMENT SINGLE AUDIT
LIAISON WHO SHALL:**

**(D) PROMOTE THE FEDERAL AWARDING
AGENCY'S USE OF COOPERATIVE AUDIT
RESOLUTION MECHANISMS.**



Resources

12

- AGA/OMB Intergovernmental Partnership CAROI Guide – <http://www.agacgfm.org/AGA/ToolsResources/documents/CAROI.pdf>
- CIGIE Journal of Public Inquiry – <http://www.ignet.gov/randp/jpiss2011.pdf>
- OMB Federal Grant Reform FR Notice – <https://www.federalregister.gov/articles/2013/02/01/2013-02113/reform-of-federal-policies-relating-to-grants-and-cooperative-agreements-cost-principles-and>

Partnership Tools & Resources

13



**Risk Assessment Monitoring
ToolKit**



**Financial and
Administrative Monitoring
ToolKit**



Fraud Prevention ToolKit



**Cooperative Audit
Resolution and Oversight
Initiative**



**Candidate Assessment
ToolKit for Grants
Managers**



**Making Better Decisions –
Leveraging Government
Resources in Challenging
Financial Times**

Visit www.agacgfm.org/tools

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Contact Me

14

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