



# The Nexus of ERM and Grants Accountability

2019 Annual Grants Conference  
Maryland Governor's Grants Office

*October 21, 2019*

**Suzanne F. Auerbach**  
**Risk Lead and Special Assistant**  
Office of Federal Assistance Management (OFAM)

**Vision: Healthy Communities, Healthy People**



# HRSA Programs in Maryland (FFY 2018)

Over \$180 million to Maryland through grants, loans, and scholarships:

Approximately,

- \$65 million to health centers
- \$56 million to Ryan White HIV/AIDS programs
- \$40 million for maternal and child health
- \$11 million for health professions training grants, loans, and scholarships
- \$9 million for the Opioid Crisis Response

Source: [www.data.hrsa.gov](http://www.data.hrsa.gov)



# Objectives

- Present case study of enterprise risk management principles within a grants management context.
- Offer risk management tools, techniques and tips that can be applied in a grants risk management context.



# Risk Management Refresher

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**Risk** – The effect of uncertainty on objectives.

**Risk Management** - A series of coordinated activities to direct and control challenges or threats to achieving an organization's goals and objectives.

**Enterprise Risk Management** –

- Addresses the full spectrum of an organization's external and internal risks by understanding their combined impact as an interrelated portfolio, rather than addressing them only within silos.
- Provides insight on how to effectively prioritize resource allocations to ensure successful mission delivery.

**TIP:** A problem is a risk that has materialized. But, a risk may or may not become a problem.



# Grants Management Risk Portfolio

- Budget and Policy Environment
- Natural and Man-made Disasters
- Cyber-Security
- Recipients
- Applicants and Reviewers
- Waste, Fraud and Abuse
- Shared Services
- Emerging Risks and Trends

External

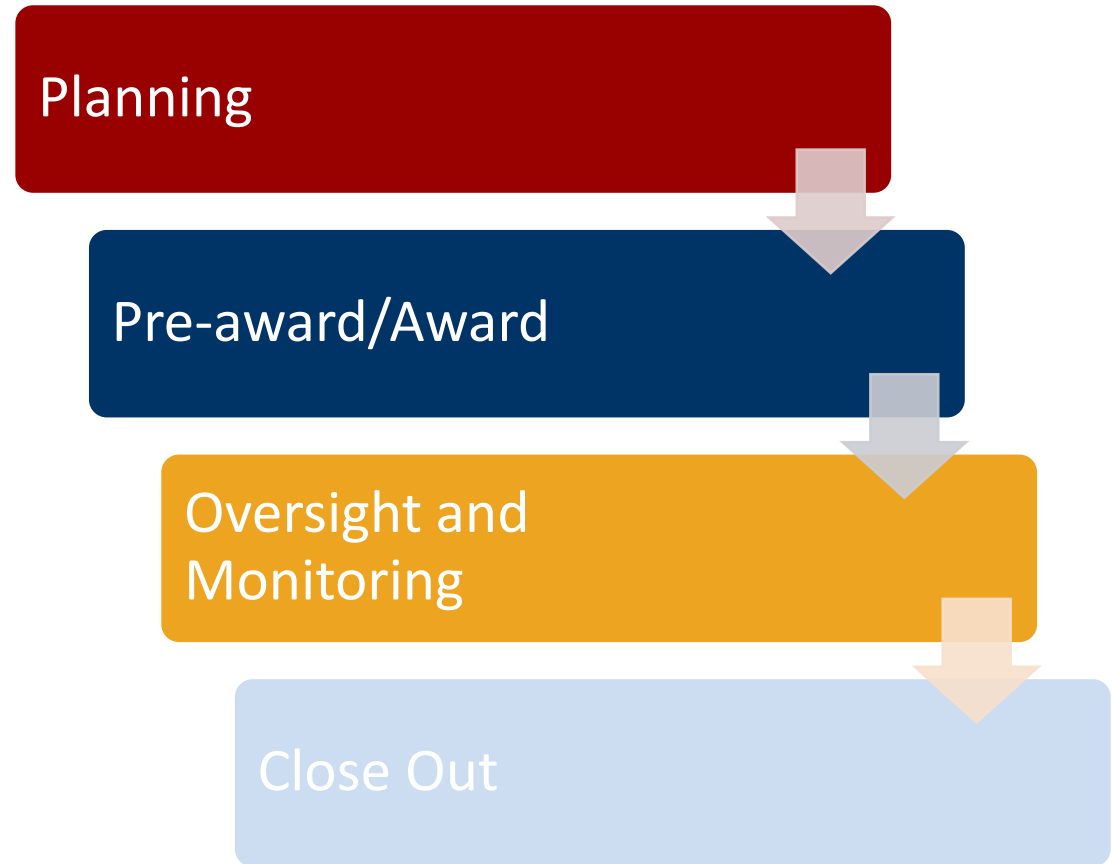
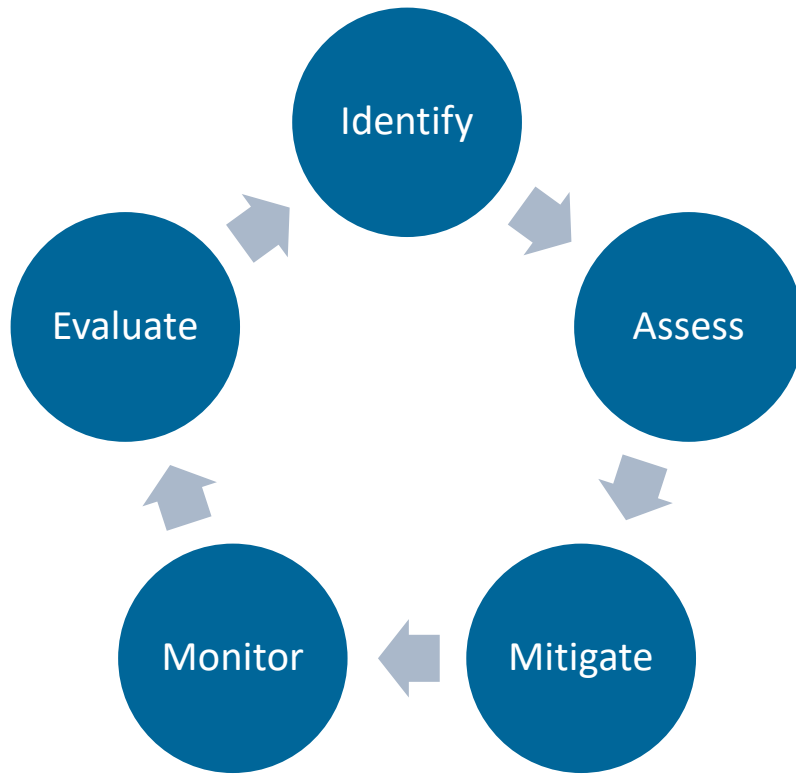


- Strategic Management
- Grants Operations
- Human Resources
- Systems
- Acquisitions/Contracts
- Organizational Culture
- Reputation
- Continuity of Operations

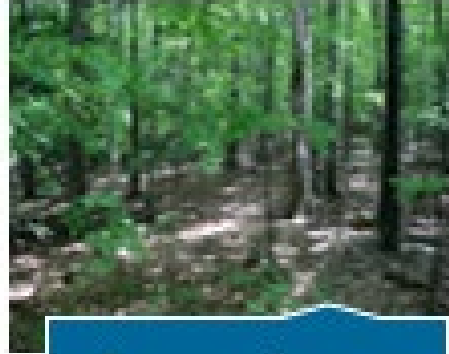
Internal



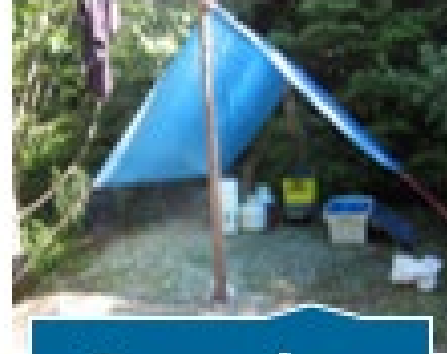
# Grants Risk Management Cycle



# Grants Risk Management Maturity



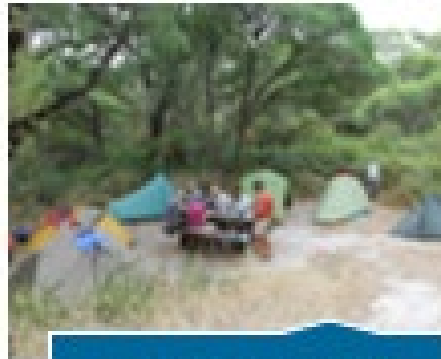
Immature



Emerging



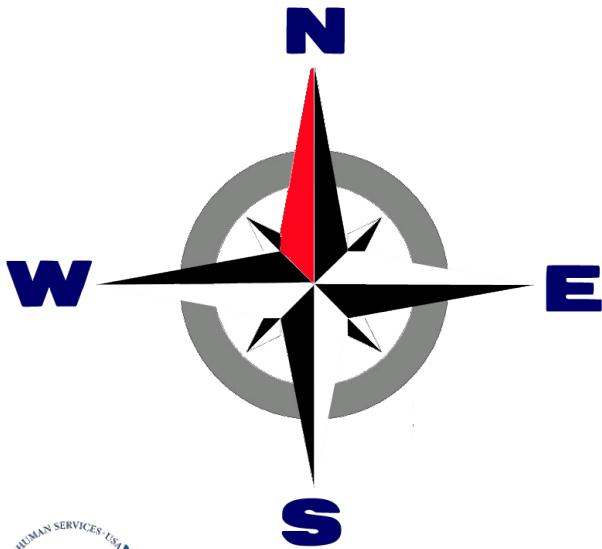
Conforming



Advanced



Optimal





# Immature, Pre-2009

- Budget (~\$5 billion) small comparable to other grant making HHS agencies
- Lack of agency-wide grants oversight SOPs
- Putting out fires, not preventing fires



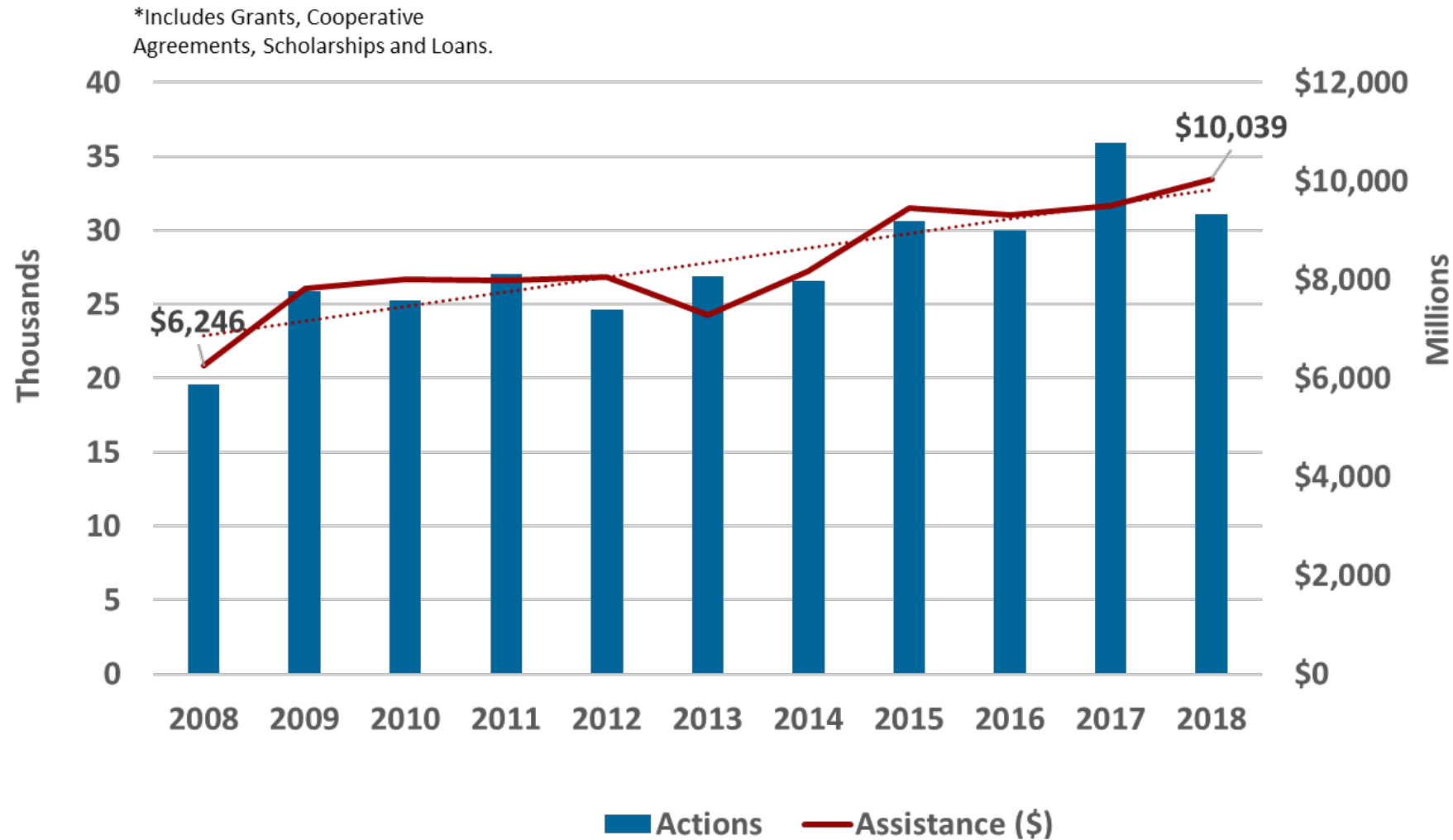


# Emerging: 2009-2014

- ARRA, ACA significantly increases funding, visibility, and grants management workload
- GAO studies critical of highly visible HRSA programs



# A Decade of Growth for HRSA Federal Assistance



# Emerging Risk Management Activities

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- Strategic focus on GAO/OIG studies
- Staffing increases for grants management and program integrity activities
- SOP on grants program oversight created
- Grants management training for program staff created
- Enhanced financial integrity reviews
- Grants management webinars created





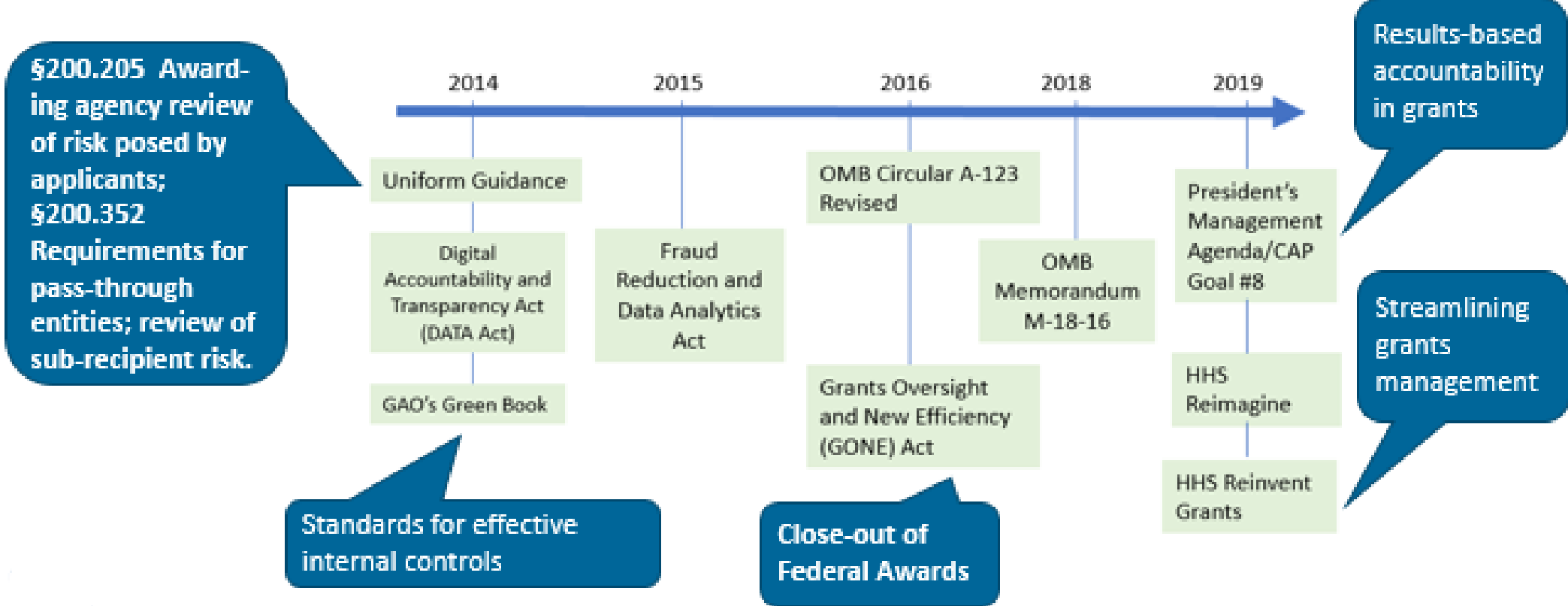
# Conforming: 2014 -2018



- New Associate Administrator
- Changing Federal Grants Management Landscape
- Growing Focus on Enterprise Risk Management



# Changing Landscape In Federal Grants Management



# Growing Focus on Enterprise Risk Management



**AFERM** Association for Federal Enterprise Risk Management

**Playbook:**  
Enterprise Risk Management  
for the U.S. Federal Government



*Developed and issued in collaboration with Federal Government organizations to provide guidance and support for ERM.*



# Grants Risk Management Activities

## Strategic

- Organizational structure and capacity
- Organizational awareness of risk
- External partnerships
- Assessment and Evaluation

## Operational/Compliance

- Policies and Procedures
- Monitoring and Oversight
- Training and Technical Assistance





# Organizational Awareness of Risk

## Internal

- Lack of documentation of policies and practices
- Complex funding opportunity process
- Challenging schedules for award issuance
- Systems – many and related
- Communication/coordination between business and program staff

## External

- Delayed Federal appropriations
- Public Health Emergencies
- Changing policy environment
- Diversity of Portfolio
- Competition/Reviewer Conflict of Interest
- Organizations with under-developed infrastructure/capacity
- Recipient/sub-recipient financial competency, internal controls

**TIP:** Translate existing concerns to "Risks"; introduce risk terminology



# Organizational Awareness of Risk (Continued)

## Pre-Award

- Completeness and Eligibility Review
- Financial Disclosure and Conflict of Interest
- Financial Assessment
- Program Review
- Budget Review



## Award

- Standard Terms and Conditions
- Grantee Specific Terms and Conditions
- Program Specific Terms and Conditions
- Risk Based Monitoring
- Technical Assistance



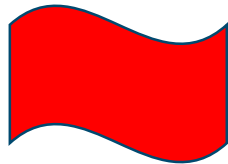
## Post Award

- Progress and Performance reviews
- Routine communication
- Financial Assessment
- Site Visits
- Special Reviews and Audits
- Close-out

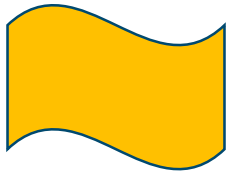
**TIP:** Think of current process/ internal controls within a risk management framework

# Monitoring and Oversight

## Target time and staff toward:

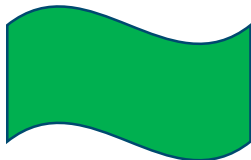


**Organizations posing highest risk;**



**Then to moderate risk organizations.**

## Limit time and staff monitoring for:



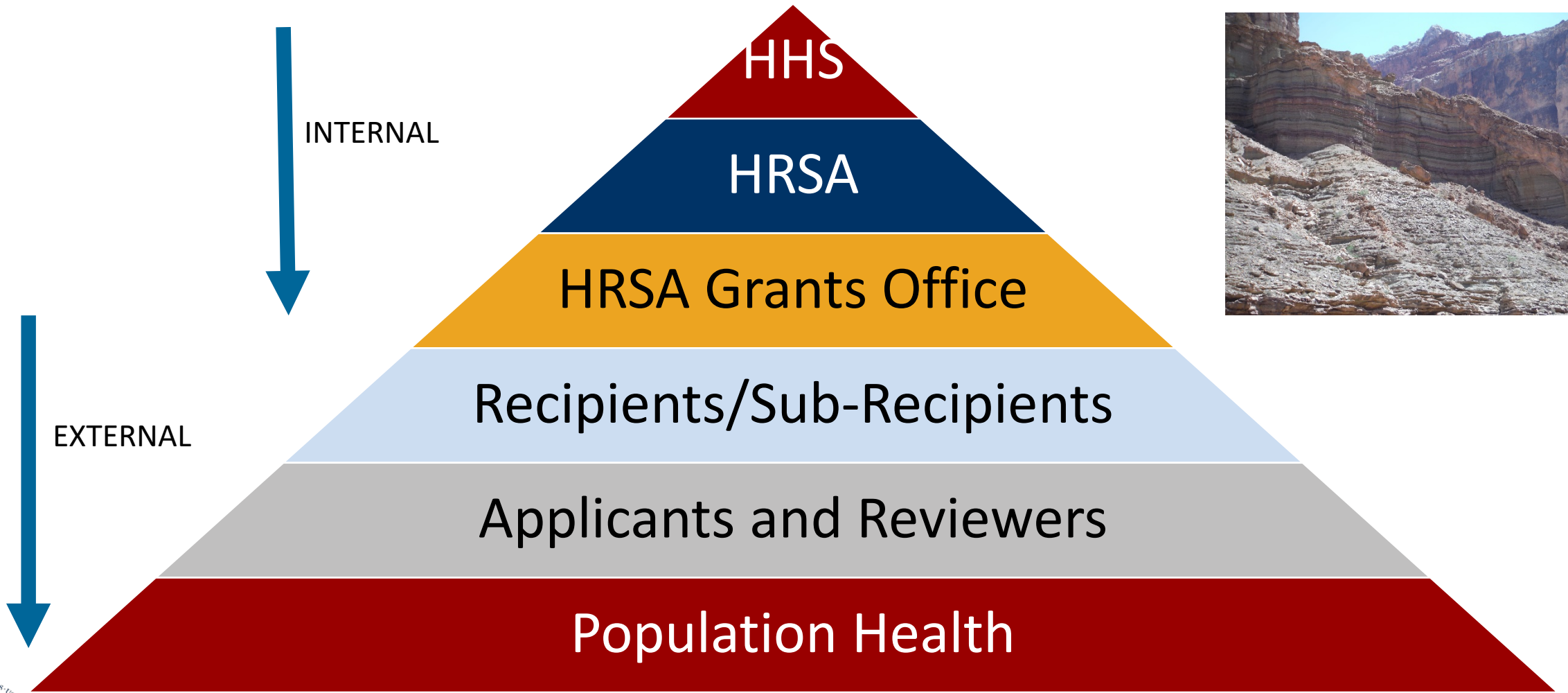
**Low risk organizations.**

# Grants Risk Management Study

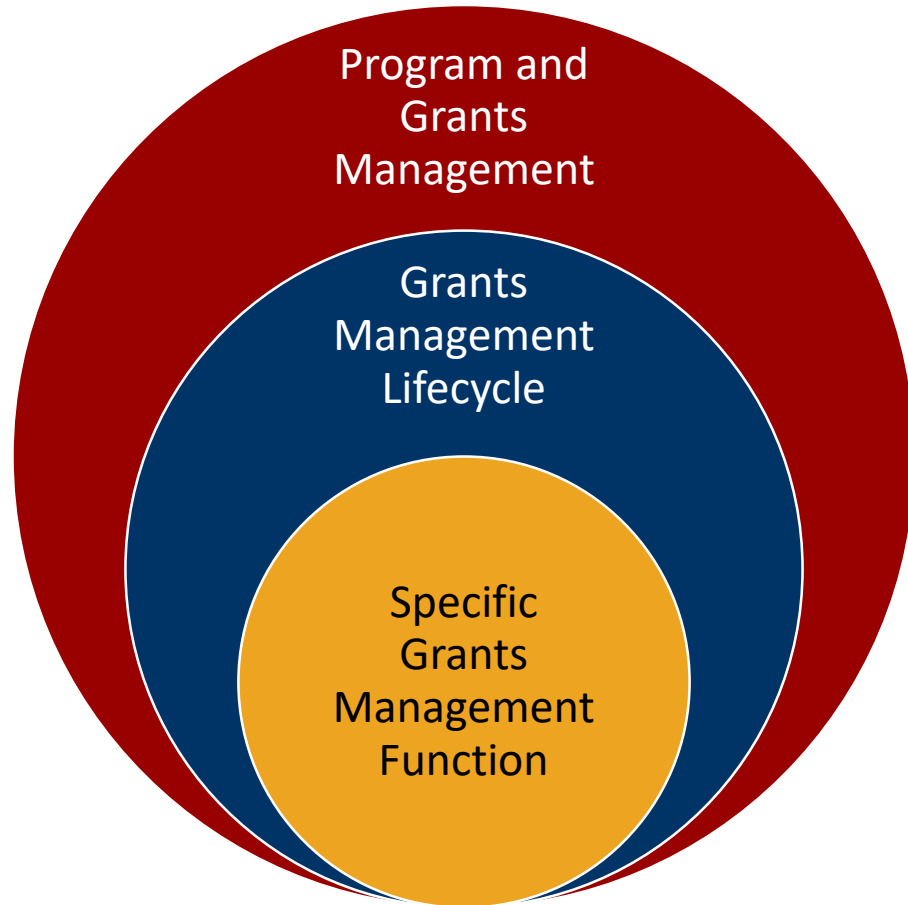
- **Objectives:** Assess current grants management cycle; identify risks and opportunities; develop tool for analysis and monitoring; provide strategic and operational recommendations.
- **Methodology:** Literature review, interviews, work flow mapping, benchmarking, analysis
- **Study Period:** Aug 2017-Aug 2018



# Altitude: Depth of Risks



# Landscape: Breadth of Risks



# Risk Concepts Considered

- Big Little Concerns: Risk vs Problem
- The Cascade Effect: Root Cause vs Impact, Risk Ownership
- Opportunity Risk or Risk Mitigation
- Risk Appetite and Tolerance





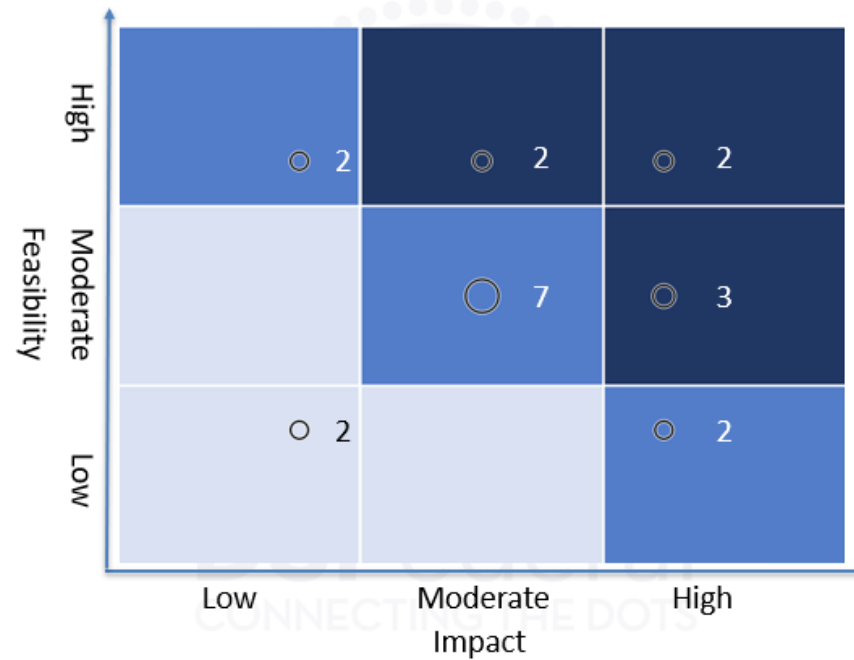
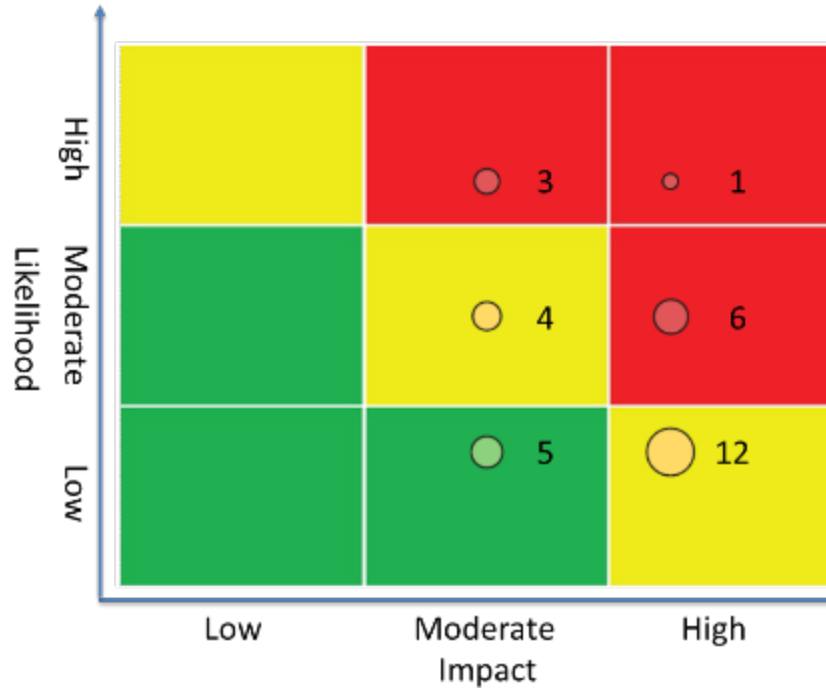
# Risk Register

Risk Description	Potential Impact	Risk Level	Response Type	Existing Internal Control Description (if applicable)
<p>Programs would not inform or coordinate with OFAM on program changes potentially due to:</p> <ul style="list-style-type: none"> <li>1) Varying working relationships between OFAM and program staff may hinder collaboration.</li> <li>2) Program staff may have limited time to draft the NOFO.</li> <li>3) Programs may not be aware of how NOFO changes impact OFAM.</li> </ul>	<ul style="list-style-type: none"> <li>1) NOFOs submitted into clearance are not in compliance with grants policies.</li> <li>2) OFAM's processes are delayed or disrupted.</li> </ul>	<p>Moderate</p>	<p>Acceptance</p>	<p>DGP's NOFO kick-off meeting with programs; OFAM staff performs a top-to-bottom review of NOFOs; DGP's checklist for NOFO review; Annual compliance supplement; Resource and Planning Meeting; OGC review of NOFO</p>

**TIP:** Develop risk management tools, risk statements, and risk categories to frame your view



# Heat Map (Risks) and Cool Map (Opportunities)





# Advanced: 2018-Current (Still getting there)



- New HRSA and grants management leadership
- Assessing our progress and the path forward



# Reflection – Our Journey So Far

- Positive findings in GAO and OIG reports; few new recommendations, many closed.
- Better understanding of applicant, recipient, and program risks
- Launch of innovative approaches to mitigate and track risks
- Greater cultural awareness of risk management
- Increased focus on data collection, analysis, dashboards



# Reflection - Challenges and Lessons Learned

- **Tone at the top** and throughout is necessary.
- Competing priorities
- Ripple effect of risk internally (process) and externally (applicant → recipient)
- Balancing **risk appetite/tolerance** and fiscal accountability
- Organizational silos





# Next Leg of the Journey

- Continue to increase organizational awareness within grants context
- Ensure grants risk management becomes a strategic, routine practice integrated into:
  - ✓ Strategic planning
  - ✓ Budget formulation
  - ✓ Performance measurement
  - ✓ Performance management
  - ✓ Management controls



# Resources

- [Uniform Guidance, 2 CFR 200](#)
- [OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control](#)
- [Government Accountability Office \(GAO\) Green Book and High Risk List](#)
- [Playbook: Enterprise Risk Management for the Federal Government](#)
- [Association for Federal Enterprise Risk Management](#)
- [National Grants Management Association](#)
- [HRSA Data Warehouse](#)



# Contact Information

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**Ms. Suzanne F. Auerbach**

**Risk Lead and Special Assistant**

**Office of Federal Assistance Management**

**Health Resources and Services Administration (HRSA)**

**Email: [sauerbach1@hrsa.gov](mailto:sauerbach1@hrsa.gov)**

**Phone: 301-443-0292**





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