U.S. Department of Education
Updates on Risk

Brustein and Manasevit Spring Forum
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Federal Grant Soup

- ESEA
- IDEA
- WIA
- EDGAR
- FFNIA
- FFATA
- USA Spending.gov
- Data Act
- Internal controls
- NCLB - 670 pages (IASA 540 pages) 24% increase

- Audit resolution
- Questioned costs
- DUNS
- CRM
- SAM
- Omni Circular
- Risk management
- CAROI

- Tax Reduction And Simplification Act Of 1977
- Bipartisan Tax Fairness And Simplification Act
- Administrative Simplification Compliance Act
- Royalty Simplification And Fairness Act
- International Adoption Simplification Act
- Life And Health Insurance Policy Language Simplification Act
- Seniors’ Tax Simplification Act Of 2015
- Small Company Disclosure Simplification Act
- Florida Communication Services Tax Simplification Act

Data Act

- (Sec. 5) Federal agencies to notify Treasury of any debt owed that is over 120 (formerly, 180) days delinquent so that Treasury can offset administratively.

Super Circular – It’s Here!

“New” EDGAR

• Title 34, Code of Federal Regulations (CFR), Parts 75-79, 81 to 86 and 97-99 EDGAR is currently in transition.
• For awards made prior to 12/26/2014, EDGAR Parts 74 and 80 still apply.
• For awards made on or after 12/26/2014, 2 CFR Part 200, which includes the substance formerly in parts 74 and 80, applies.
• http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html
• Google: education uniform guidance

CAROI is Dead?
§ 200.25 Cooperative audit resolution.
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;

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;

c. A focus on current conditions and corrective action going forward;

d. Federal agencies offering appropriate relief for past noncompliance when audits show prompt corrective action has occurred, and

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.

§ 200.513 (c) Federal awarding agency responsibilities. The Federal awarding agency must perform the following for the Federal awards it makes (see also the requirements of § 200.210 Information contained in a Federal award):

(i) Follow-up on audit findings to ensure that the recipient takes appropriate and timely corrective action. As part of audit follow-up, the Federal awarding agency must:

(iii) Use cooperative audit resolution mechanisms (see § 200.25 Cooperative audit resolution) to improve Federal program outcomes through better audit resolution, follow-up, and corrective action;

(iv) Provide OMB with the name of a key management single audit liaison who must:

Promote the Federal awarding agency’s use of cooperative audit resolution mechanisms.
Working together with trust, communication and creativity

- Better compliance supplements, and other guidance
- Many disputes resolved together
  - Emphasis on joint decisions that resolve underlying problems
  - Sometimes money has to be repaid
- Better programs for students

CAROI Principles

- Communication
- Understanding
- Trust
- Sharing
- Collaboration
- Resolution/performance
CAROI Proverb

“...one does not need a sledgehammer to remove a fly from another's forehead...”

Ancient Proverb

Five Part Formula for Success

+ Right Players
+ Open Dialogue
+ Shared Purpose/Objectives
+ Sense of Urgency
+ Seeing Things Differently

= Successful resolution

Why does it work?

- Audits become a useful management tool
- Burden of resolving audits and correcting problems is reduced
- Communication and understanding increases
Advantages of CAROI

- Broad Applicability
- Cost Savings
- Flexibility
- Impartiality
- Efficiency
- Accountability

Every CAROI project should end with

- Performance goal/objective
  - Solution to root causes – systemic change
- Project plan to achieve goals
  - Identifies
    - Stakeholders
    - Accountabilities and responsibilities
    - Resources
- An agreement signed by all parties

Relevance of CAROI Today

- New OMB omni-circular (§ 200.513 ©(3)(iii) and § 200.25 Cooperative Audit Resolution);
- Broad Applicability;
- Provides a framework for problem solving;
- Can be applied in local multi-agency issues;
- Addresses root causes of problems.
CAROI Guides


So what?

CAROI Projects vs Recurring Findings
Uniform Guidance Performance

• On September 30, 2014, OMB published Memorandum M-14-17 Metrics for Uniform Guidance to measure the impact of the Uniform Guidance and to evaluate the extent to which it achieves the COFAR’s goal of reducing administrative burden and risk of waste, fraud and abuse.

Performance Metrics - Audits

Report annually:
• Number of Modified Opinions for Higher Risk Major Programs
• Number of Audit Findings of Material Weaknesses in Internal Controls for Higher Risk Major Programs
• Number of Repeat Findings for Higher Risk Major Programs (Starting FY 2015)
• Number of Major Programs selected for audit
• Number of Audit Objectives in the Compliance Supplement

Performance Metrics - Policy

Report annually:
• Policy changes that most:
  • reduced administrative burden
  • increased administrative burden
  • reduced risk of waste, fraud, and abuse
  • increased risk of waste, fraud, and abuse
  • dollar value of impact of policy changes
  • Stakeholder satisfaction with the opportunity to engage with the COFAR or Federal agencies during policy development
  • Stakeholder perception of whether the policy outcome appears responsive to and aligned with their input
  • Opportunities for greater stakeholder engagement
On the Horizon

• Performance measurement
• Data analytics
• Data-driven decision making
• Consolidation
• Confusion and Delay

Comments? Questions?

Thank You