Welcome

Please help yourself to breakfast.
Agenda

8:00 - 8:45am  Registration and Breakfast
8:45 - 8:55am  Welcome
8:55 - 9:25am  Jeffrey Johnson, HHS
9:25 - 9:55am  Q&A and Discussion
9:55 - 10:00am Closing
Uniform Grants Guidance
Two Years In:
Perspective on Trends and Successes

Jeffrey D. Johnson
Associate Deputy Assistant Secretary for Grants
Department of Health and Human Services
25 May 2017
“We are not the do-ers, we are the fund-ers. Our role is not to change the world, it is to make grants that help others change the world.
So if our unique contribution is grant making, how we make grants must be just as strategic, just as focused on outcomes, as anything else we do.”
Mandy Ellerton, Bush Foundation

You will decrease your stress level and have more time to focus on the program if you take the time to understand the grant process - - from first idea to final outcome.
NIH Program Manager
The Division of Grants provides Department-wide leadership through functional management directions in the areas of:

- Grants regulation, policy training and reporting
- Grants oversight and evaluation
- Grants systems management and coordination
- Managing partner of grants.gov.
The OGPOE develops Department-wide grants policies and HHS’s Uniform Administrative Regulations. OGPOE provides coordinated leadership in:

- The preparation of HHS and federal-wide positions affecting the federal assistance community.
- Representing the Department’s interests regarding internal and external grants management activities.
- Assisting HHS’s awarding agencies with the implementation of HHS’s grants policies and federal-wide grants regulations.
Since its inception in 1995, TAGGS has been the central repository for all of HHS grants data representing the over $4 trillion in programs in HHS grants portfolio.

The TAGGS website provides HHS’s financial assistance spending information for use by the public and internal HHS management. [https://taggs.hhs.gov/](https://taggs.hhs.gov/)
Grants.gov is the Federal government’s central source for grants information:

- Expects to have approximately 6.5 million visitors in 2016
- Handles millions of searches per month
- Expects 250,000 applicant submissions this year
- Providing information on over 1,000 grant programs
- Anticipates providing information on 4,700 federal grant opportunities worth approximately $100 billion in 2015
- Handles 10,000 phone calls a month through its call center
TWO POINTS OF VIEW ON ARCHITECTURE
Architecture is about a structure
Architecture is about a story
On its own it doesn’t really tell us anything...

That’s the problem with structure
To make sense of a structure we need the story...
A key task of architecture is to design for and maintain the balance between structure and story.

- Architecture is about structure.
- Architecture is also about story.
- We need both, to make it all happen.
A key task of federal assistance is to design for and maintain the balance between strong programs and stewardship of federal funds.

- Federal Assistance is about structure.
- Federal Assistance is also about story.
- We need both, to make it all happen.
We must remember...

...beneficiaries do not appear in our structure but we appear in their stories.
Federal Grants to States

Fiscal Year 1950 Estimated

Includes Proposed Legislation

Highways $470 Million

$1.1 million Public Assistance

Education $323 Million

School Lunches $75 Million

Public Health $110 Million

Employment & Unemployment Compensation Offices $135 Million

Bureau of the Budget
HHS GRANT HIGHLIGHTS FOR FY2016

- HHS awarded approximately 77,000 grants to over 11,000 recipients.
- HHS awarded approximately $462 Billion in grants.
- 88% of HHS’s grants funds were allocated to entitlement grants.
- Universities and colleges represent 34 of the top 50 HHS discretionary grant recipients.
- The six states receiving the most HHS grants funds were California, New York, Texas, Pennsylvania, Florida and Michigan.
- The National Institutes of Health (NIH) awarded about 43% of all HHS awards.
DISCRETIONARY AWARD TYPES FY 2016

Discretionary Award Dollars
$52,790,366,508

Taggs.hhs.gov
FEDERAL ACTORS IN THE LIFE OF A GRANT

- OGAPA/Division of Grants
- Grants Officer
- Program Official/Project Officer
- Division of Cost Allocation/Cognizant Agency
- Grants Finance and Administration Service
- Office of Recipient Integrity Coordination
- Office of the General Counsel
- General Services Administration
- Office of Management and Budget
- Office of Inspector General
- GAO/Comptroller General
1. Dramatic Dennis thinks everything’s a crisis.
2. Helpful Helen doesn’t know what she’s talking about, but offers suggestions.
4. Talking Todd won’t shut up.
5. Intimidating Irene won’t take no for an answer.
6. Meddling Mary needs to know everything.
8. Slippery Sally won’t say what she really thinks.
9. Tweaking Terry suggests improvements when you’re nearly done.
10. Grumpy Gerry smiles every February 29th.
11. Angry Andy responds with anger to nearly everything.
12. Aloof Alicia knows what you should do, but isn’t doing what she should do.
HHS Grant Management Process

- Planning
- Announcement
- Closeout
- Postaward Monitoring
- Application Evaluation
- Award
- Negotiation
## HHS Grants Lifecycle

<table>
<thead>
<tr>
<th>Category</th>
<th>Pre-Award</th>
<th>Find</th>
<th>Apply</th>
<th>Post-Award</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plan</strong></td>
<td>Forecast Opportunity</td>
<td>Post Opportunity</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Find</strong></td>
<td>Search Opportunity</td>
<td>View Opportunity</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Apply</strong></td>
<td>Submit Application</td>
<td>Review Application</td>
<td>View Status</td>
<td></td>
</tr>
<tr>
<td><strong>Reporting</strong></td>
<td>Submit Performance Reports</td>
<td>Receive Performance Reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business Information</strong></td>
<td>Identify who, what when and where for obligated Grant Funds</td>
<td>Annual Report</td>
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</tr>
</tbody>
</table>
CHALLENGES WITH MANAGING FEDERAL ASSISTANCE

Challenges related to effectively measuring grant performance:

- Inadequate agency or recipient capacity.
- Need for better collaboration.

Uncoordinated grant program creation:
We can not solve problems by using the same kind of thinking we used when we created them.
Albert Einstein
THE SAME OLD THINKING

THE SAME OLD RESULTS
The goal of the reform was to:

1. Streamline regulations for Federal awards to ease administrative burden; and
2. Strengthen oversight over Federal funds to reduce risks of waste, fraud, and abuse.

The reform established a framework for improving federal assistance programs by ensuring:

1. Consistency in policy & process
2. Clarity in financial and program results
3. Collaboration across stakeholders
THREE MAJOR SECTIONS

A  Administrative Requirements (Subpart A thru D)

B  Cost Principles (Subpart E)

C  Audit Requirements (Subpart F)
THE UNIFORM GUIDANCE PERSPECTIVE

✓ Discretionary grants and cooperative agreements are awarded based on merit;

✓ That management increases focus on performance outcomes;

✓ That rules governing the allocation of Federal funds are streamlined;

✓ That the Single Audit oversight tool is better focused to reduce waste, fraud, and abuse.
SIGNIFICANT REFORMS

✓ 60-day posting of Notice of Funding Opportunity

✓ Agencies must use OMB-approved forms for applications and information collection

✓ Awarding agencies are required to close-out awards within one year after receipt of final documents

✓ Recipients must disclose in writing potential conflicts of interest to the awarding agency
SIGNIFICANT REFORMS

- 10% de-minimis indirect cost rate option is available for first-time recipients

- Single Audit threshold raised to $750,000 from $500,000

- Awarding agencies must conduct a pre-award review of potential applicants risk

- Awarding agencies must develop and implement merit review processes and publish them in the Notice of Funding Opportunity
What is internal control?

Internal control is a process that helps an entity achieve its objectives. It is the first line of defense in safeguarding public resources.

Objective identified → Controls designed → Controls in place → Objective achieved

Standards for Internal Control in the Federal Government, known as the Green Book, is the document that sets internal control standards for federal entities.
ACHIEVING OBJECTIVES THROUGH INTERNAL CONTROL

How is internal control organized?

Standards for Internal Control in the Federal Government (the Green Book) is organized by the five components of internal control, and apply to staff at all organizational levels and to an entity’s operations, reporting, and compliance objectives.
THE FIVE COMPONENTS AND 17 PRINCIPLES OF INTERNAL CONTROL

Control Environment
1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
2. The oversight body should oversee the entity’s internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

Control Activities
10. Management should design control activities to achieve objectives and respond to risks.
11. Management should design the entity’s information system and related control activities to achieve objectives and respond to risks.
12. Management should implement control activities through policies.

Information and Communication
13. Management should use quality information to achieve the entity’s objectives.
14. Management should internally communicate the necessary quality information to achieve the entity’s objectives.
15. Management should externally communicate the necessary quality information to achieve the entity’s objectives.

Risk Assessment
6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

Monitoring
16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
17. Management should remediate identified internal control deficiencies on a timely basis.

Source: GAO, GAO-14-704T
“Fear of some harm ought to be proportional not only to the magnitude of the harm, but also to the probability of the event.”

*Logic, or the Art of Thinking*  
Antoine Arnauld, 1662
RISK MANAGEMENT

I  
Risk Identification

II  
Risk Assessment

III  
Risk Response
TYPES OF RISK

- Strategic Risk
- Operational Risk
- Reputational Risk
- Compliance Risk
- Financial Risk
RISK LIFE CYCLE

Total Project Life Cycle

Pre-Award Phase
- Program Defined
- Application Review

Award
- Execution

Post Award Phase
- Period of Highest Risk Impact

Closeout Phase
- Period of Opportunity and Risk
- Lowest Cost Associated for Program Development

INCREASING RISK

Cost to Taxpayer
Opportunity for Risk
CAUTION

THIS SIGN HAS SHARP EDGES

DO NOT TOUCH THE EDGES OF THIS SIGN

ALSO, THE BRIDGE IS OUT AHEAD
**CLOSEOUT TIMELINE**

The Department’s regulations state that awards *should* be closed out 180 calendar days after receipt and acceptance of all required final reports.

**HHS Closeout Timeline**

The Department’s regulations state that awards *should* be closed out 180 calendar days after receipt and acceptance of all required final reports.
BEYOND THE UNIFORM GUIDANCE

- President’s Management Agenda
- Data Act
- Enterprise Risk Management
- GONE Act
President’s Management Agenda

We are kicking-off a process to set the President’s Management Agenda. The Administration will take action to ensure that by 2020 we will be able to say:

1. Federal agencies are managing programs and delivering critical services more effectively.

2. Federal agencies are devoting a greater percentage of taxpayer dollars to mission achievement rather than costly, unproductive compliance activities.

3. Federal agencies are more effective and efficient in supporting program outcomes.

4. Agencies have been held accountable for improving performance.
DATA ACT

- Establishes government-wide financial data standards and increases the availability, accuracy, and usefulness of Federal spending information

- Goals include:
  - Establishing Government-wide data standards
  - Improving the quality of data available to the public
ENTERPRISE RISK MANAGEMENT

- Expanded emphasis in A-123. A-123 outlines the management responsibilities for internal controls in a Federal agency.

- The intent of integrating risk management and internal control activities into an Enterprise Risk Management framework is to improve mission delivery, reduce costs, and focus corrective actions towards key risks.
ENTERPRISE RISK MANAGEMENT
MODEL

1. Establish Context
2. Identify Risks
3. Analyze and Evaluate
4. Develop Alternatives
5. Respond to Risks
6. Monitor and Review
7. Communicate and Learn
<table>
<thead>
<tr>
<th>Grant Administration Decision Points</th>
<th>ERM Actions suggested by A-123</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-award Decision Support</td>
<td>Appropriate tools and data analytics made available to Program Offices to properly conduct risk analysis.</td>
</tr>
<tr>
<td>Pre/Post-award Monitoring Plans and Activities</td>
<td>Program Offices use of relevant data to determine risks and take appropriate action prior to making awards.</td>
</tr>
<tr>
<td>Award Grantee Risk Mitigation</td>
<td>Program offices plan for and execute monitoring and mitigation activities meeting their specific needs.</td>
</tr>
<tr>
<td>Grant Policy Monitoring Standards</td>
<td>Program offices manage grant portfolios using a common set of risk-based standards.</td>
</tr>
</tbody>
</table>
The GONE Act became law on January 28, 2016 (PL 114-117).

The GONE Act requires Federal awarding agencies to submit a report to Congress and the Department of Health and Human Services (HHS) that:

• Lists each Federal grant awarded by the agency that are in the payment management system, have been expired for two or more years and have not been closed out;
• Discuss impediments resulting in closeout delays; and
• Explain why each of the 30 oldest grants are still open
MULTIPLE REASONS FOR DELAYED GRANT CLOSEOUT

Obstacles to Final Grant Reporting and Processing that May Impact Closeout

- Grantee no longer in existence
- Grantee under audit
- Manual report reconciliation process
- Disconnection between grant management and payment system
- Grant projects that require multi-jurisdictional review
- Delayed technical deliverable
- Final indirect cost rate approval
- Cost-sharing agreements/program income

Sources: GAO analysis of federal agency information. | GAO-16-362
POSITIVE CHANGE

- Common Language
- Common Approach
- Risk Assessment
- Focus on outcomes
- Focus on Internal Controls
- Risk based approach vs compliance focus
- De Minimis Indirect Cost Rate
- Cultural change
CHALLENGES

- Fixed Amount Awards
- Downstream policies, procedures, forms, etc.
- Training/Awareness on Federal and Recipient side
- Application of cost principles
- Contractor/Sub-recipient
- Procurement Standards
- Cultural Change
- Frequently Asked Questions
• Does our grant making align with our intentions?
• Are our grants structured to be successful?
• Are we efficient in our internal processes?
• Are we communicating effectively?
• Does our process strengthen and support grantees?
Effective programs are not accidental
- They are deliberate, well-conceived and well-executed

Programs succeed when they:
- Gather knowledge and identify needs before awarding
- Are clear about the results they seek to achieve
- Take appropriate risks and mitigate residual risk
- Carefully direct resources to maximize impact and influence.
Rewards alone are not the best predictor of happiness.

The most powerful predictor of happiness was whether or not people’s expectations relating to rewards were exceeded.

Happiness is a state that reflects not how well things are going but instead whether things are going better than expected.
1. Meaningful relationships
2. Mindfulness/Noticing the small things
3. Continuing to learn
4. Exercise
5. Random Acts of Kindness
YOGI BERRA AND FEDERAL ASSISTANCE

• “If you don’t know where you are going, you might wind up someplace else.”
  ○ Intentional alignment of Grants management to support strategic goals – must be embedded early in strategic decisions
• “You can observe a lot by just watching.”
  ○ Data hub for Business Intelligence move away from being a transactional piece of the process
• “Pair up in threes.”
  ○ Separation of duties and a deliberate cross functional structure
• “It’s like déjà vu all over again.”
  ○ Move away from “compliance” police
  ○ Senior leadership engagement

• “We make too many wrong mistakes.”
  ○ Professionalization of the Federal Assistance workforce

• “If the world were perfect, it wouldn’t be.”
  ○ Aim for reasonable, rather than absolute, assurance
  ○ Consistency in statutory authority and utilization of regulations
tell YOUR STORY
DO ALL THE WORK UPFRONT

- STRATEGY
- MEASURE
- ORGANIZE
- EXECUTE
- ANALYZE
- DEVELOP

PROJECT MANAGEMENT
DON'T

STOP

QUESTI

ING
Teamwork
Get your ducks in a row!
THE DETAILS MATTER EVEN IF YOU HAVE TRAVELED TO THE MOON
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