Office of Management and Budget Update

• A Government of the Future

  – Execute the FY 16 Budget
  – Continue to grow the economy
  – Place Based and Community Solutions
  – Pass the President’s FY 2017 Budget
  – Execute the President’s Management Agenda
Budget Priorities

• Management Agenda
  – People and Culture
  – Customer Service
  – Smart IT Delivery
  – Open Data
  – Lab to Market
  – Strategic Sourcing/Category Management
  – Shared Services
  – Benchmarking/Data Drive Results
Office of Federal Financial Management

- Transparency and Data Management
- Shared Services
- FedStat and Benchmarking
- Real Property
- Improper Payments
- Grants Management
- Internal Controls and Enterprise Risk Management
- Federal Financial Reporting
- Debt Collection
- Charge Cards
- Conferences and Travel
Increase in Federal Grants Activity

The Catalog of Federal Domestic Assistance lists over 2,300 Federal grant programs.
Grants Reform Timeline

December 26, 2103: Uniform Guidance published

December 2014: 28 Agencies Adopt the Guidance, Technical Corrections, Metrics

2015-2016: Agency Final Rules, Collection of Second Set of Metrics

Fall 2014: Metrcis, Additional FAQs and Webcasts

2015: Additional Technical Corrections, FAPIIS, Outreach, Updated FAQs
Eliminating Duplicative and Conflicting Guidance

Then:

- State, Local & Tribes: A-102, A-87
- Universities: A-110, A-21
- Nonprofits: A-110, A-122

Major Highlights

• **200.204** Federal awarding agency review of merit of proposals
• **200.205** Federal awarding agency review of risk posed by applicants
• **200.330 – 200.332** Subrecipient monitoring and management
• **200.303** Internal controls
• **200.414**- Indirect (F&A) rate
• **200, 5XX**– Audit Requirements
IP Amount and Percentage Trend

**IP Dollar Amount (in Billions)**

- 2004: $45
- 2005: $38
- 2006: $41
- 2007: $42
- 2008: $73
- 2009: $105
- 2010: $121
- 2011: $115
- 2012: $108
- 2013: $106
- 2014: $125
- 2015: $137

**IP Percentage**

- 2004: 4.35%
- 2005: 3.14%
- 2006: 2.91%
- 2007: 2.81%
- 2008: 3.95%
- 2009: 5.42%
- 2010: 5.29%
- 2011: 4.69%
- 2012: 4.35%
- 2013: 3.53%
- 2014: 4.02%
- 2015: 4.39%
Key considerations ...

• “Good government”, specifically economies of scale, leveraging proven solutions and reducing duplicative investments
• Current and future consumer benefit and protection
• Provider entrepreneurship and innovation

Area of initial focus

Other areas considered

1. Acquisition
2. Financial management
3. Human resources
4. Information technology
5. Travel
6. Property management (personal and real)
7. Grants
8. Relocation
9. Budget formulation
10. Printing and publishing
11. Guaranteed loans
12. Direct loans
13. Occupational health
14. Mail
15. Insurance
Benchmarking

- Collect administrative Data
- Analyze across agencies
- Review with each agency DepSec & CXOs
- Review across agencies and leverage the interagency councils
- Improve and monitor progress
- This year: Added quality metrics to cost metrics
Fiscal Report of the United States
In FY 2015, Federal agencies used government charge cards to spend $28.4 B; cards are an important and efficient financial tool.


OMB Memorandum-M-13-21 established guidance and reporting requirements for agencies and Inspectors General (IGs) to partner on efforts to improve card management and oversight.

Over two years, agencies have implemented 659 of 767 (86%) IG recommendations.

Currently, only 1% misuse across all purchase card holders—though any misuse is too high.

Over 1.2 million CHIP and PIN Cards issued as part of Buy Secure initiative.
Over 1.1 million assets globally – Including building, land, and structures – with these assets managed across 24 major departments, each with its unique asset management system

Operating costs - Exceeds $33 billion annually, including over $9 billion on costs related to leased property, and is growing

Opportunities for potential consolidation – Over 10,000 “excess” or “underutilized” assets worldwide (including a subset of 7,500 domestic, non-military assets) identified in 2013

Field Offices – About 19,000 field offices (outside DC) comprising 380 million sq ft of space; one example is the Farm Services Administration with about 2,000 offices nationally

Example: Farm Services Administration Field Office Footprint
Moving From Compliance to Managing Risks

Check the Box (A-123 Today)

- Compliance with New GAO Internal Control Standards
- Treating Risk as only Negative
- Heavy Emphasis on Financial Reporting
- Regarding Risk Management as Separate
- Check the Box on 3 Year A-123 Assessments

Proactively Managing Risks (A-123 Tomorrow)

- Risk Based Approach with New Internal Control Standards
- Defining risk as both positive (e.g., taking on risk to improve government services) and negative
- Balanced Emphasis on Financial Reporting and Mission Support
- Integrating Risk Management and Internal Control
- Manage Risks Across Organizational Structures
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

Risk Environment /Context

Extended Enterprise

Communicate and Learn

State and Local Governments

Laws and Regulations
Congress
The Economy
Other Departments and Agencies
Intelligence
Partner Organizations
Resources
Administration Policy
Employee Bargaining Groups
Foreign Relations
Public Acceptance
Civil Rights and Liberties
Industry Associations
External Financial Reporting Objectives

External Non-Financial Reporting Objectives

Internal Financial Reporting Objectives

Internal Non-Financial Reporting Objectives

Source: COSO
Purpose & Discussion Topics

Discussion Topics

- DATA Act Overview
- Section 5 Grants Pilot
- Data Centric Vision
- Opportunities for Involvement
In May 2014, Public Law 113-101 Digital Accountability and Transparency Act of 2014 (DATA Act) was signed into law with the purpose to establish government-wide financial data standards and increase the availability, accuracy, and usefulness of federal spending information.
The goal of the Pilot is to implement Section 5 of the Digital Accountability and Transparency Act (DATA Act) of 2014, Pub. L. No. 113-101, which requires the Federal Government to, “establish a pilot program with the participation of appropriate Federal agencies to facilitate the development of recommendations for –

(A) standardized reporting elements across the Federal government (§5(b)(1)(A));

(B) the elimination of unnecessary duplication in financial reporting (§5(b)(1)(B));

(C) the reduction of compliance costs for recipients of Federal awards (§5(b)(1)(C)).”

The Office of Management and Budget (OMB) has engaged HHS to serve as the executing agent for the Section 5 Grants Pilot.
## Section 5 Legislative Timeline

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<th>Activity</th>
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| Section 5: Establish Pilot program that will generate recommendations to standardize reporting, eliminate duplication and unnecessary reports, and reduce compliance costs | • Establish 1 year after enactment  
• Complete within 2 years after pilot established  
• May 2015 – May 2017 |
| Section 5: Report on results of pilot                                    | • 90 days after pilot completion  
• August 2017                                                       |
| Section 5: Guidance to agencies on how data standards can reduce burden and simplify reporting requirements/eliminate duplication | • 1 year after Report  
• August 2018                                                        |
While Federal awarding and reporting processes have similarities, there are unique burden areas that merit exploration for burden reduction. To accommodate those award-specific areas, two tracks are underway for Federal procurement and Federal grants.

The Office of Management and Budget (OMB) has partnered with HHS to serve as the executing agent for the Section 5 Grants Pilot.
Section 5 Grants Pilot Framework takes a holistic approach to meeting the Section 5 Pilot Goals by:

- Collecting feedback through the National Dialogue (https://cxo.dialogue2.cao.gov/).
- Analyzing data centric forms.
- Testing models like the CDER Library, Consolidated FFR, Single Audit, NOA – POC, Learn Grants, and other models as appropriate.
- Each component of the Framework interacts with and informs the others.
- Time frames associated with each test model will align with legislative requirements to execute the Pilot by May 2017, and support OMB’s report due to Congress by August 2017.

Section 5 Pilot Goals

- Standardize reporting elements.
- Eliminate unnecessary duplication.
- Reduce compliance costs for Federal award recipients.
HHS has conducted a Town Hall, a series of Subject Matter Expert (SME) meetings, and a Pretest Meeting to inform the development of the Section 5 Grants Pilot test models. Groups represented included: FDP, AGA, NGMA, DTC, ACT-IAC, NCURA

Section 5 Grants Pilot Timeline Update

- **Paperwork Reduction Act (PRA) Review**: November 2
- **Design Effectiveness Pretest Meeting**: January 2016
- **Select Pilot Participants**: May 2016
- **Begin Collection of Pilot Data**: May 2017
- **Pilot Data Collection Ends**: August 2017
- **Submit Report to Congress**: Present time

**Timeline**

- May 2015: Pilot Activities Begin
- September 23: OMB Concurs on Test Models
- November 2: Federal Register Notice Published*
- November 20: Section 5 Grants Pilot Town Hall
- January 2016: Design Effectiveness Pretest Meeting
- May 2016: Select Pilot Participants
- May 2017: Begin Collection of Pilot Data
- August 2017: Pilot Data Collection Ends
- Present time: Submit Report to Congress

*Indicates events requiring additional review or approval.
Section 5 Grants Pilot Test Models

Common Data Element Repository (CDER) Library

Designed to be a federal-wide, online repository for grants-specific data standards, definitions, and context.

Test 1: Provide grantees with data element definitions to identify potential changes in accuracy and speed of grant lifecycle form completion.

Test 2: Identify form duplication and update/reduce forms to reduce grantee burden.

Consolidated Federal Financial Reporting (FFR)

A test model that will allow grantees to submit the FFR form in one system, rather than in multiple entry systems.

Test: Provide grantees with one consolidated process for submitting the FFR to identify potential changes in the time it takes to complete and submit two separate components of the FFR.

Focus Group Discussion: Walk participants through the changes to the FFR and allow for questions/feedback.

Single Audit

A financial statement audit of an organization’s federal funds.

Test: Provide grantees with draft 2016 expanded Single Audit form (SF-SAC only) and collect participant feedback on a more streamlined approach for SF-SAC/SEFA reporting.

Focus Group Discussion: Present draft expanded Single Audit form and allow participants to comment upon the SF-SAC changes in a live setting.

Notice of Award – Proof of Concept (NOA – POC)

A document containing information a grant recipient needs to perform routine accounting and finance operations.

Test: Provide grantees with standardized NOA cover sheet for Federal awards to populate a data collection tool. Identify potential changes in speed of completing the data collection tool with and without the standardized NOA.

Learn Grants

An online web portal that provides information for grant recipients to access federal grant lifecycle information.

Test: Determine users’ level of understanding on the grants lifecycle after using Learn Grants.
Opportunities for Involvement

There are several ways to participate in DATA Act Section 5 Pilot for Grants activities.

Send inquiries and feedback to DATAActPMO@hhs.gov.

Visit the HHS Website at www.hhs.gov/dataactpmo.

Follow DAP on Twitter at www.twitter.com/HHS_DAP.


Visit the CDER Library at https://repository.usaspending.gov/poc-tool/.


For more information on the DATA Act, visit https://www.usaspending.gov/Pages/Data-Act.aspx.
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