



## Grants Innovation Exchange Session

*“Smarter Use of Audit Data to Drive Change”*

Gary McKeon

Director, Audit Liaison Office

Office of Policy and Program Analysis

Federal Emergency Management Agency

*July 25, 2019*





# Session Overview

- **Welcome**
- **Speaker Introduction**
- **Innovation Exchange**
- **Results-Oriented Accountability for Grants  
Cross Agency Priority Goal**
- **Q&A**
- **Stay Informed**





# Speaker Introduction

## Speaker: Gary McKeon

Gary joined OPPA in November 2012 as the Director of the Audit Liaison Office (ALO). ALO provides oversight, monitoring, and coordination of the Department's responses on audits, inspections, and reviews, primarily by the DHS Office of Inspector General (OIG) and Government Accountability Office (GAO). ALO assists in the implementation of the OMB Circular A-50 Requirements, promotes long-term viability of Federal Emergency Management Agency (FEMA) by facilitating transparency of the Agency to the Department of Homeland Security Secretary (DHS) and the Congress in accordance with law. The Audit follow-up is an integral part of good management and is a shared responsibility of agency management officials and auditors. Corrective action taken by management on resolved findings and recommendations is essential to improving the effectiveness and efficiency of Government operations.



Prior to becoming Director, Gary was ICE PMO Branch Chief, where he coordinated projects and programs to address high-visibility and mission-critical financial and program performance deficiencies, develop sustainable solutions, and report the status of OCFO and related program operations. Gary has more than 30 years of diverse experience in Business, Construction, Project Management, and Business Process reengineering and military background. Gary is a former Naval Intelligence Officer, Business Entrepreneur and holds a bachelor's degree in Business Administration from Hofstra University and a Management Certificate from University of Virginia (Darden School). Additionally, Mr. McKeon is certified in Project Management Principles (PMP), Risk Management (RSM), and holds a Green Belt in Six Sigma.



# Smarter Use of Audit Data to Drive Change

## The Truth, the Whole Truth and Nothing but the Truth about Audit Data

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### Today's Topic:

How FEMA's Audit Liaison Office standardized processes, executed data preparation, and developed its staff in order to deploy business intelligence dashboards that aggregate grant audit data across the entire agency.

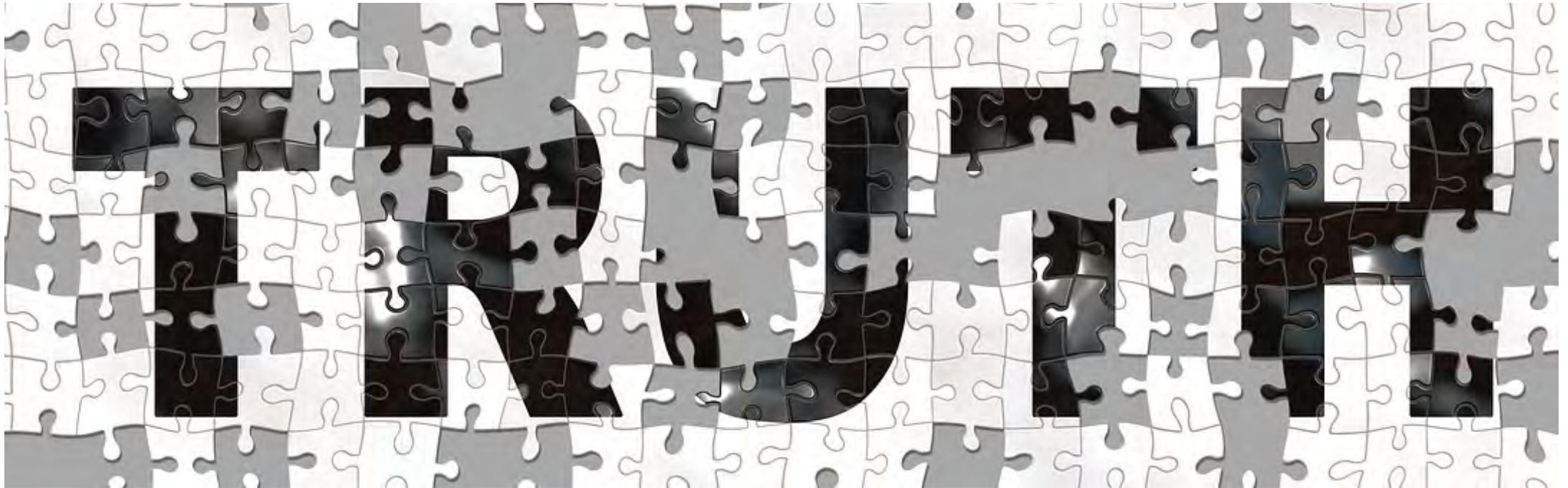


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# Getting to the Truth using Audit Data

Disaster Grant Audits: the Truth, the Whole Truth & Nothing but the Truth

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# Discussion Areas

## Audit Liaison Office (ALO) Approach: Getting to The Truth

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**Vision &  
Capability  
Model**



**Crawl,  
Walk, Run  
Strategy**



**Analytics  
in Action**



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# Where We Were...

## Unstructured and Fragmented Audit Data Everywhere

“So many duplicates, which one is correct?”

“Why can't I find it on SharePoint or the Shared Drive?”

“How many different spreadsheets are there?”

“What do you mean it's lost?”



“Why is my cheat sheet different from yours?”

“When did the process change?”

“Why can't everything be in the same place?”

“We need a Single Source of Truth!!”



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# Where We Are Today...

## FEMA Performance Audit Dashboard

Data Extract Date: 02/04/2019 10:13

Audit Type: (All) FEMA Lead Component: (All) FEMA Sub-Component: (All)

### Audit Lifecycle Summary

Audit Activity: Notification, Entrance, Fieldwork, Exit

9, 3, 46, 18

### Open Audits Composition

Audit Type	Count
GAO Audit	72
OIG Audit	64
OIG Regional Audit	34

Open Audits - FEMA Not Lead: 86

DHS Priority Watch Audits: 23



## FEMA Performance Audit Dashboard

Audit Type: (All) FEMA Lead Component Assigned to Recommendation: (All) FEMA Sub-Component: (All)

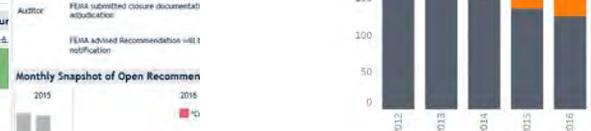
### Open Aged 2 Years and Older: 77

Count of Audit Findings: FY 2012 - 2017



### Recommendations 2 Years and Older

Next Step is Up To... Executing CAP, Need to provide additional document required by auditor, FEMA submitted closure documentation and awaits auditor adjudication, FEMA advised Recommendation will be closed and awaits formal notification.



## Map of Recurring Findings in OIG Regional Audits

Potential Monetary Findings, Disaster Relief Audit Findings, Status of Funds at Audit Closure

### Repeat Findings by State

Section	Section Description	Recur	PMB Finding	Finding
2 CFR 200.318	General Procurement Standards	7	\$912,507,112	165
44 CFR 206.223	General Work Eligibility (Non-Disaster Related Costs)	6	\$2,260,315,333	86
2 CFR 200.319	Competition	6	\$859,095,322	163
2 CFR 200.321	Contracting With Small And Minority Businesses, Women's	6	\$846,400,732	149
2 CFR 200.323	Contract Cost And Price	6	\$744,083,607	154
2 CFR 200.320	Methods of Procurement To Be Followed	6	\$532,928,037	122
2 CFR 200.302	Financial Management	6	\$334,618,616	149
2 CFR 200.331	Requirements for Pass-Through Entities	6	\$282,323,930	130
Stafford Act Section 312	Duplication of Benefits (42 USC 5155)	6	\$271,008,303	93
2 CFR 200.328	Monitoring and Reporting Performance	6	\$209,850,832	135
FEMA 322 Public Assistance Guide	FEMA Public Assistance Guide	5	\$2,750,550,510	235
2 CFR 200.326	Required Contract Provisions	5	\$704,008	
44 CFR 206.205	Payment of Claims	5	\$320,453	

## Map of Recurring Findings in OIG Regional Audits

Potential Monetary Findings, Disaster Relief Audit Findings, Status of Funds at Audit Closure

### Repeat Findings by County

Section	Section Description	Recur	PMB Finding	Finding
2 CFR 200.328	Monitoring and Reporting Performance	6	\$186,946,742	369
2 CFR 200.313	Equipment	6	\$0	25
2 CFR 200.403	Factors Affecting Allowability of Costs	5	\$303,542,199	369
2 CFR 200.318	General Procurement Standards	5	\$931,269,995	289
2 CFR 200.331	Requirements for Pass-Through Entities	5	\$282,323,930	207
2 CFR 200.319	Competition	5	\$858,217,322	162
2 CFR 200.323	Contract Cost And Price	5	\$743,205,407	151
Stafford Act Section 312	Duplication of Benefits (42 USC 5155)	5	\$249,452,734	86
2 CFR 200.321	Contracting With Small And Minority Businesses, Women's Eligibility (FEMA Public Assistance Guide)	4	\$845,522,532	148
Eligibility		4	#####	140
2 CFR 200.305	Payment	4	\$2,748,773	139
44 CFR 206.205	Payment of Claims	4	\$320,453,636	119



### Monetary Findings Detail

Section	Section Description	PMB Finding
Eligibility	Eligibility (FEMA Public Assistance Guide)	\$2,491,795,102
44 CFR 206.223	General Work Eligibility (Non-Disaster Related Costs)	\$2,260,315,333
Stafford Act Section 406	Repair, Restoration, and Replacement of Damaged Facilities (42 USC 5172)	\$2,132,014,839
44 CFR 206.253	Insurance Requirements for Facilities Damaged by Disasters Other Than Flood	\$877,366,329



# 1. Start with Vision and Capability Assessment



Vision &  
Capability  
Model



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# Vision: ALO Wheel of Compliance



Vision &  
Capability  
Model

## Iterative Approach



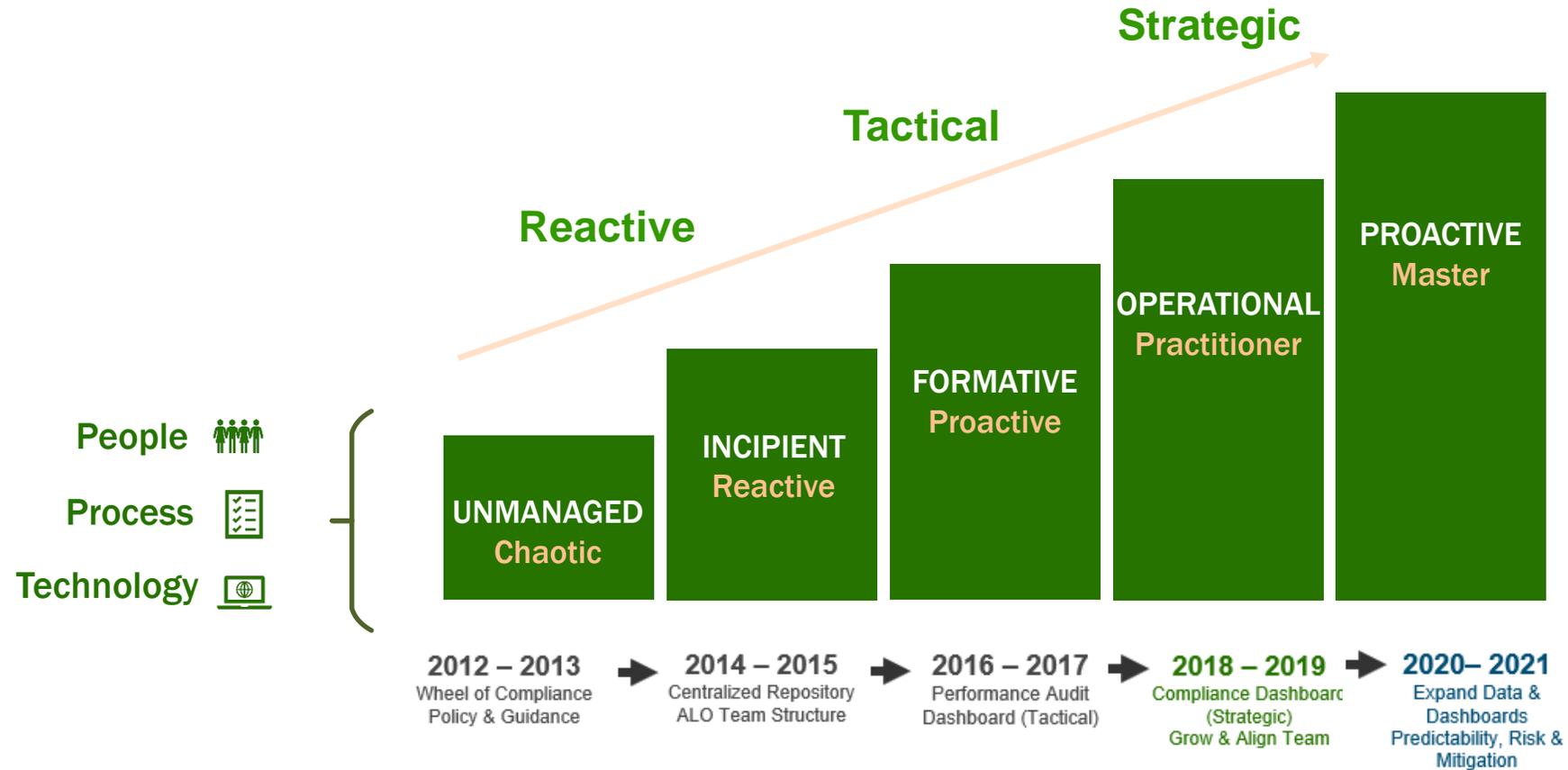
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# Capabilities Assessment



Vision &  
Capability  
Model

## Assess Where Are You on the Continuum & Address Key Gaps



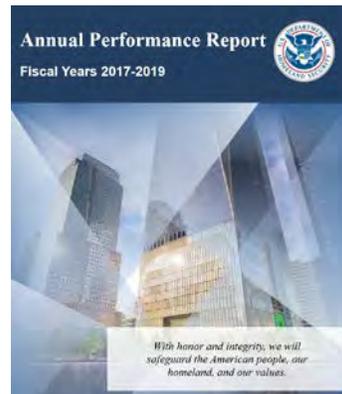
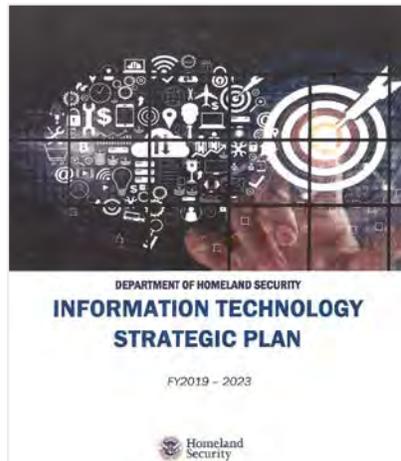
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# Step 2: Align with Drivers for Change



Vision & Capability Model

## External & Internal



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# Step 3: Develop a “Stepped” Execution Strategy



First you  
crawl...



Then you  
walk...



Then you  
run...

# Crawl

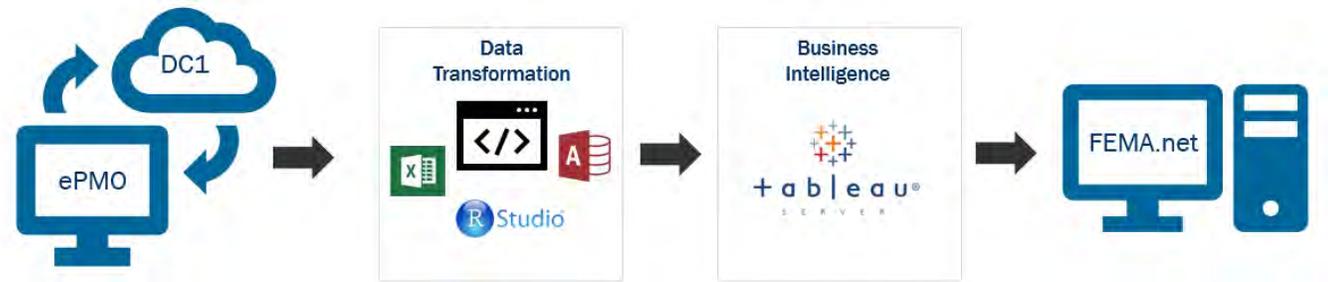
## 1. Create a Single Source of Truth

### System of Record for Performance Audits



Established a single source for Performance Audit Information for the Agency by leveraging DHS's System of Record (ePMO)

### Transformation Tools & Tableau Server



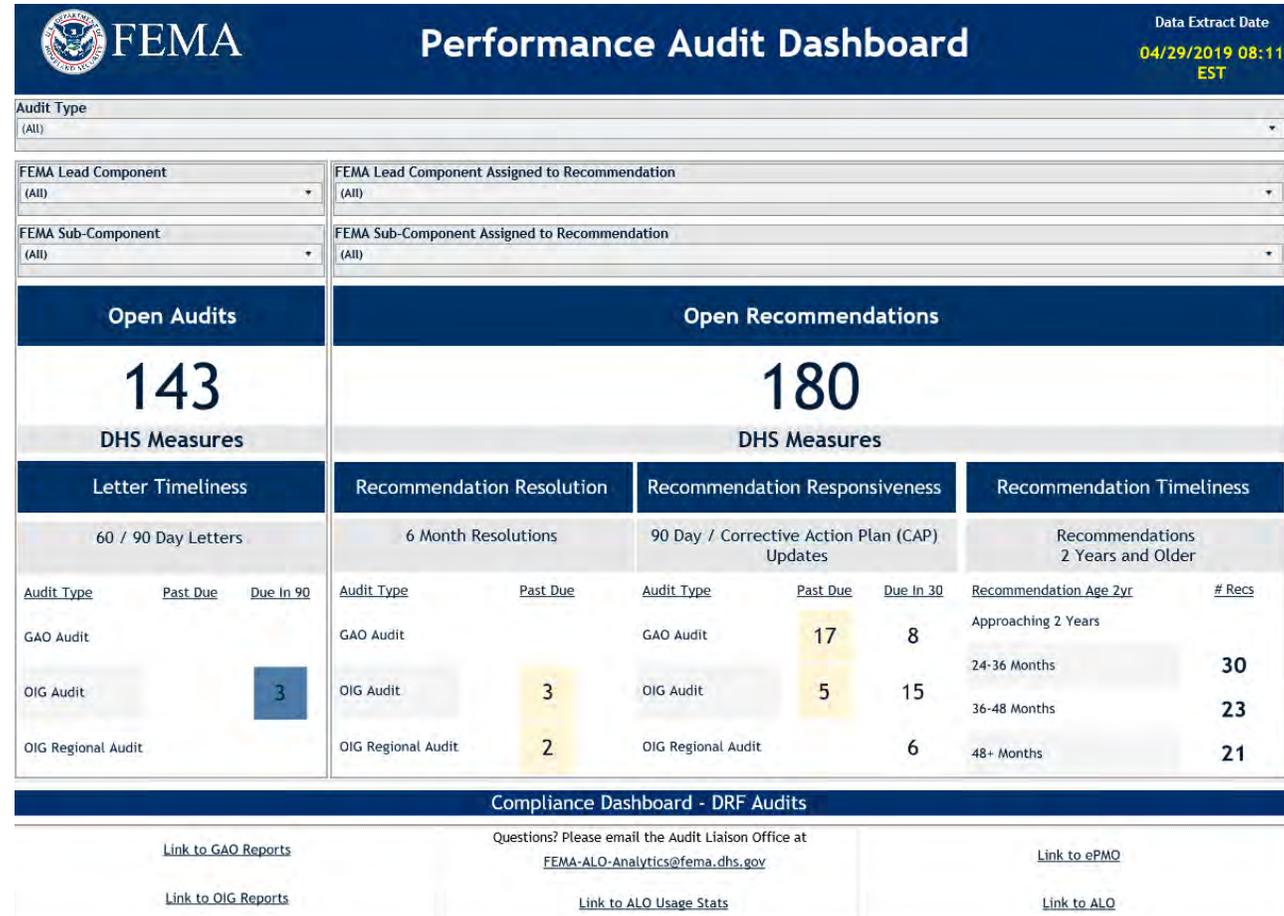
Increased efficiencies by reducing duplication, reduced level of effort and eliminating need for static reporting

# Crawl

## 2. Tactical Dashboard Focused on Performance Audits (GAO & OIG)

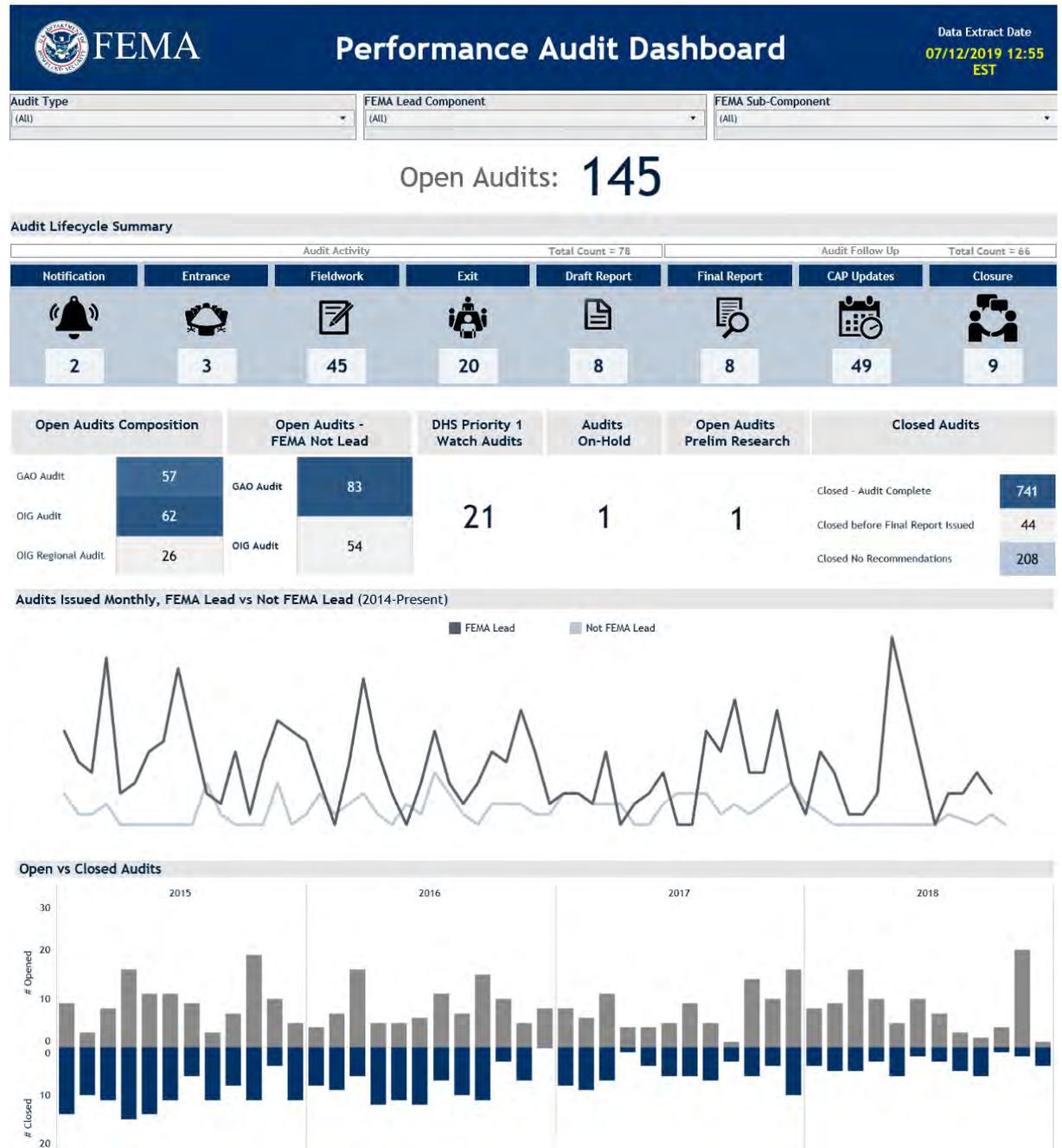
### Audit and Recommendation Tracking:

- Provides agency-wide visibility to upcoming and past due Audit Follow-Up items
- Used by Audit Community and Senior Leadership for Monitoring and Reporting



# Open Audits: Audit Lifecycle Activity Tracking and Trends

- Visibility to audit inventory and lifecycle activity
- Year-over-year trending
- Open vs. Closed Backlog





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# Open Recommendations: Tracking and Trends

- Aging of Recommendations
- Next Steps and Recommendations Awaiting Closure
- Planned Corrective Action Completion Dates and Number of Revised Dates



Analytics in Action



# Aged Recommendations Greater than 2 Years: Tracking and Trends

- Aging Detail by Program/Region
- Next Steps and Recommendations Awaiting Closure
- Open Aged Recs Over Time



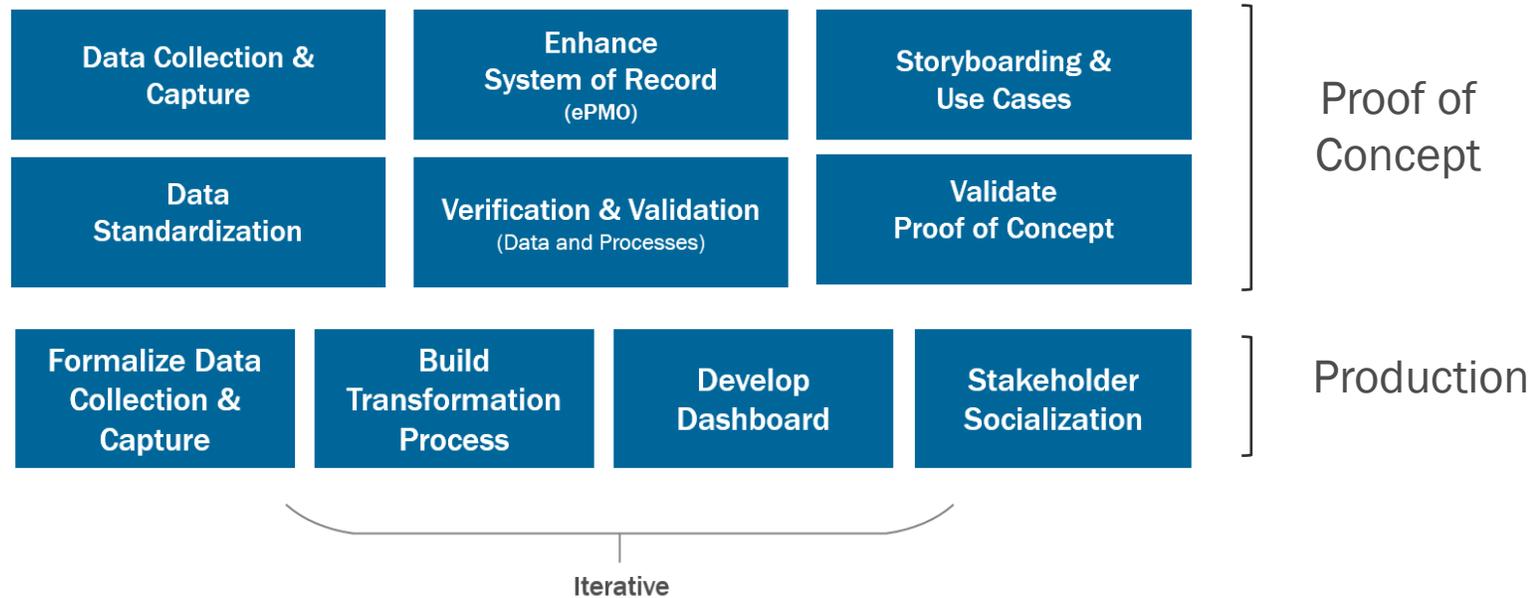
# Walk



## 1. Strategic Dashboard focused on Compliance Data

### Objective:

- ✓ Capture Questioned Costs and Compliance Data from Unstructured Data (OIG Reports & Other Audit Artifacts)
- ✓ Surface Recurring Compliance Issues Geographically by Region, State, and County



# Fast Walk



## 2. Incorporate Single Audits (A-133)

**Objective:**

- ✓ Capture Questioned Costs and Compliance Data from the FAC & Unstructured Single Audit Data
- ✓ Surface Recurring Compliance Issues Geographically by Region, State, and County



# Fast Walk



Crawl,  
Walk, Run  
Strategy

## 3. Compliance Dashboard

### Disaster Relief Fund Audit Findings

Potential Monetary Findings

Map of Recurring Findings

Status of Funds at Audit Closure

Choose the Findings Axis  
Fiscal Year

Grant Type  
All

FEMA Component  
All

Fiscal Year  
All

State  
All

Help

#### Count of Audit Findings: FY 2012 - 2019

Fiscal Year	Administrative Issues	Funds Put to Better Use	Questioned Cost
2012	80	40	220
2013	160	60	320
2014	210	40	170
2015	150	40	140
2016	160	60	130
2017	90	60	90
2018	70	10	30
2019	20	10	10

#### Top Authorities Referenced by Auditors for All

Grant Type: [All]

FEMA Component: [All]

Fiscal Year: [All]

State: [All]

Help

#### Finding Count Details on 44 CFR 206 for All

Section	Section Description	Paragraph Description	Findings Axis
44 CFR 206.205	Payment of Claims	Payment of Claims	2012: 33, 2013: 37, 2014: 12, 2015: 16, 2016: 5, 2017: 12, 2018: 4
44 CFR 206.223	General Work Eligibility (Non-Disaster-Related Costs)	General Work Eligibility (Non-Disaster-Related Costs)	2012: 17, 2013: 30, 2014: 10, 2015: 6, 2016: 6, 2017: 7, 2018: 8
44 CFR 206.226	Restoration of Damaged Facilities	Restoration of Damaged Facilities	2012: 17, 2013: 16, 2014: 8, 2015: 1, 2016: 5, 2017: 4, 2018: 7

#### Detail of Unique Finding Count

Final Report ...	Recommen...	Finding	Authorities Referenced
OIG-18-28	1	A3	44 CFR 206.205(b)
OIG-18-49	1	A1	44 CFR 206.205(b)
OIG-18-63	7	F1	44 CFR 206.205(a)

**Finding Type**

- Administrative Issues
- Funds Put to Better Use
- Questioned Cost



Finding Count Details on All for All



Analytics in Action

# Potential Monetary Findings



Disaster Relief Audit Findings



Map of Recurring Findings



Status of Funds at Audit Closure

## Potential Monetary Findings Ranked by Citation - Questioned Costs & Funds Put to Better Use

Number of Items to Show

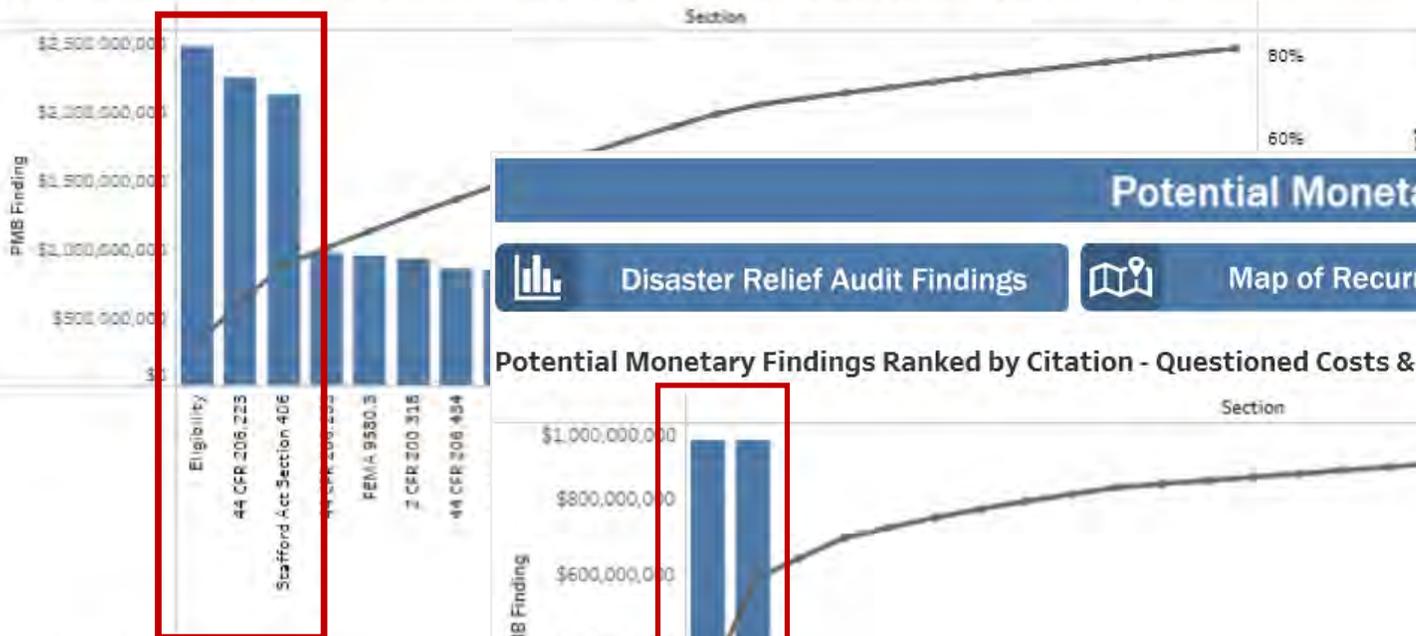
25

Highlight these PME

Top 50%

Highlight Color

50% of PME



## Potential Monetary Findings

Disaster Relief Audit Findings
 Map of Recurring Findings
 Status of Funds at Audit Closure

### Potential Monetary Findings Ranked by Citation - Questioned Costs & Funds Put to Better Use

Number of Items to Show: 25

Highlight these PME: Top 50%

Highlight Color: 50% of PME

Citation	PMB Finding (Approx.)
44 CFR 206.253	\$950,000,000
FEMA 9580.3	\$950,000,000
Stafford Act Section 312	\$180,000,000
44 CFR 206.250	\$180,000,000
2 CFR 200.319	\$100,000,000
Eligibility	\$100,000,000
2 CFR 200.321	\$100,000,000
2 CFR 200.323	\$100,000,000
2 CFR 200.320	\$100,000,000
2 CFR 200.318	\$100,000,000
2 CFR 200.328	\$100,000,000
2 CFR 200	\$100,000,000
2 CFR 200.308	\$100,000,000
2 CFR 3002	\$100,000,000
FEMA Desk Reference	\$100,000,000
Mississippi Policies And Proc.	\$100,000,000
2 CFR 200.324	\$100,000,000
2 CFR 200.325	\$100,000,000
2 CFR 200.326	\$100,000,000
2 CFR 200.404	\$100,000,000
FEMA CEF Instructional Guid.	\$100,000,000
2 CFR 200.317	\$100,000,000
44 CFR 206.226	\$100,000,000
44 CFR 9.4	\$100,000,000
FEMA Policy 9524.4	\$100,000,000

Number of Items to Show: 25

Highlight these PME: Top 50%

Highlight Color: 50% of PME, Remainder of PME

FEMA Component: Region IV

State: (All)

PMB Type: (All)

Grant Type: (All)

Incident Type: Hurricane

Help

### Monetary Findings Detail

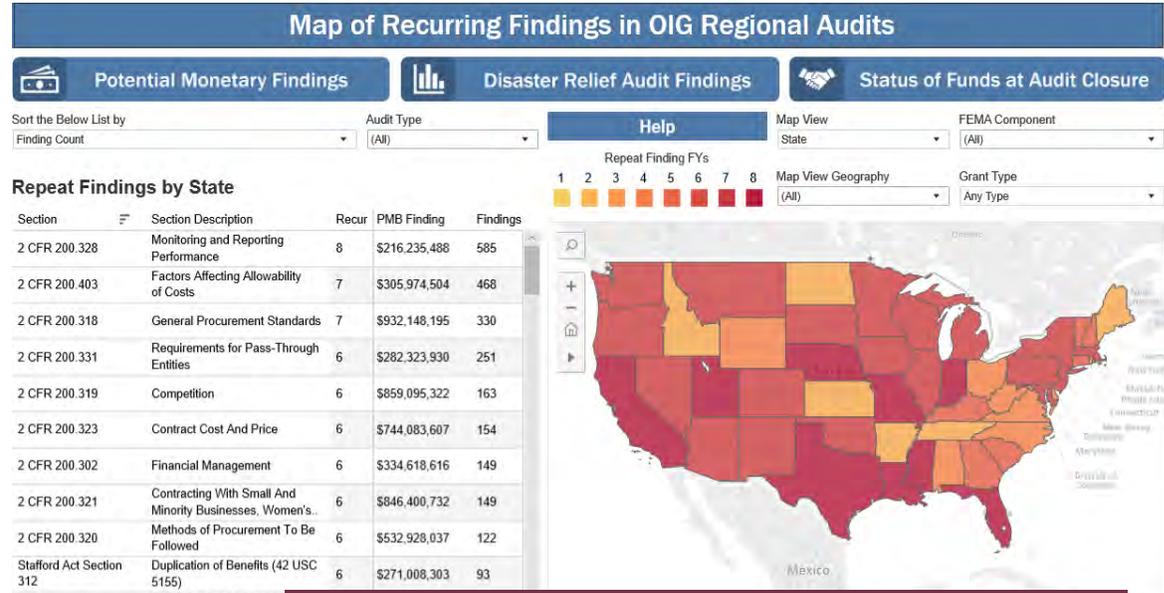
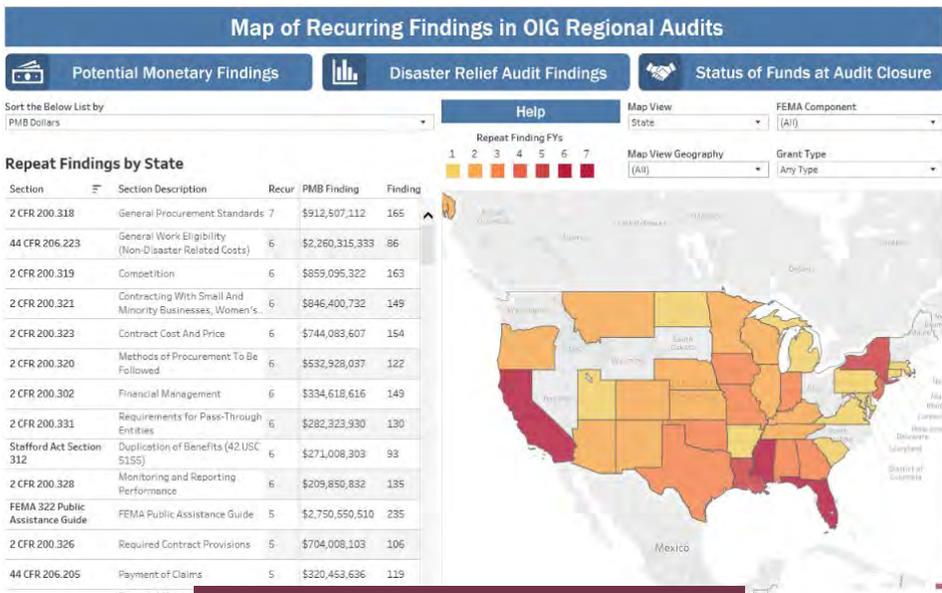
Section	Section Description
Eligibility	Eligibility (FEMA Public)
44 CFR 206.223	General Work Eligibility
Stafford Act Section 406	Repair, Restoration, and
44 CFR 206.253	Insurance Requirements

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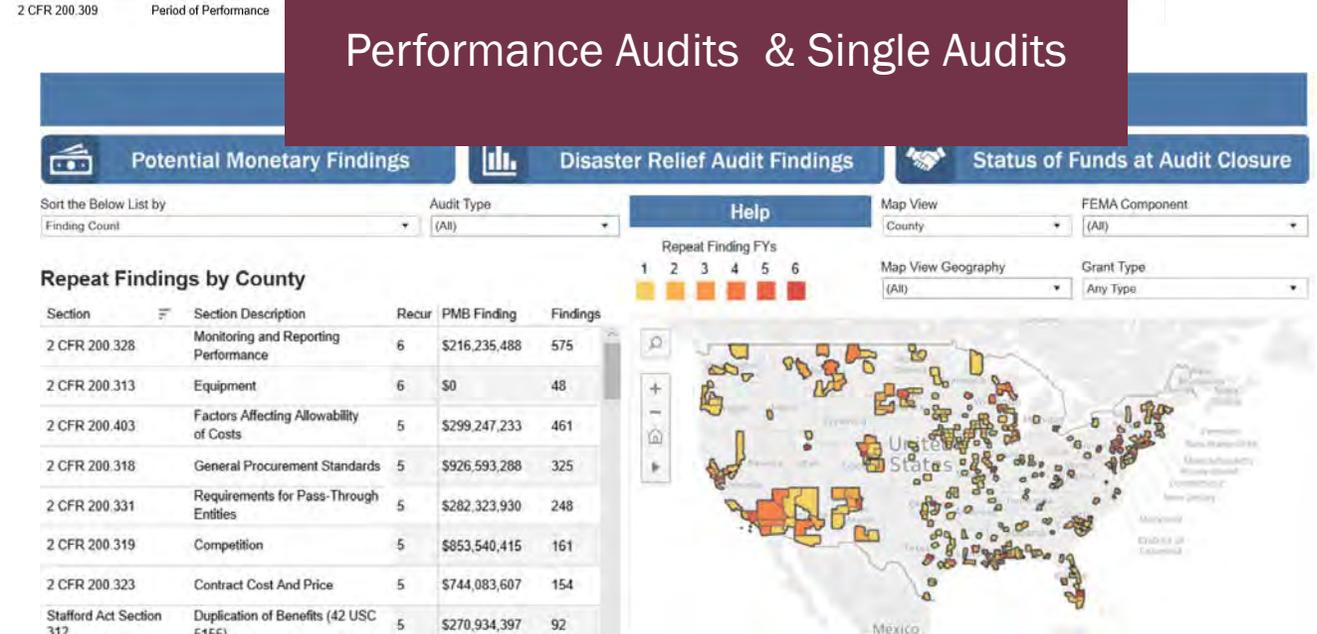
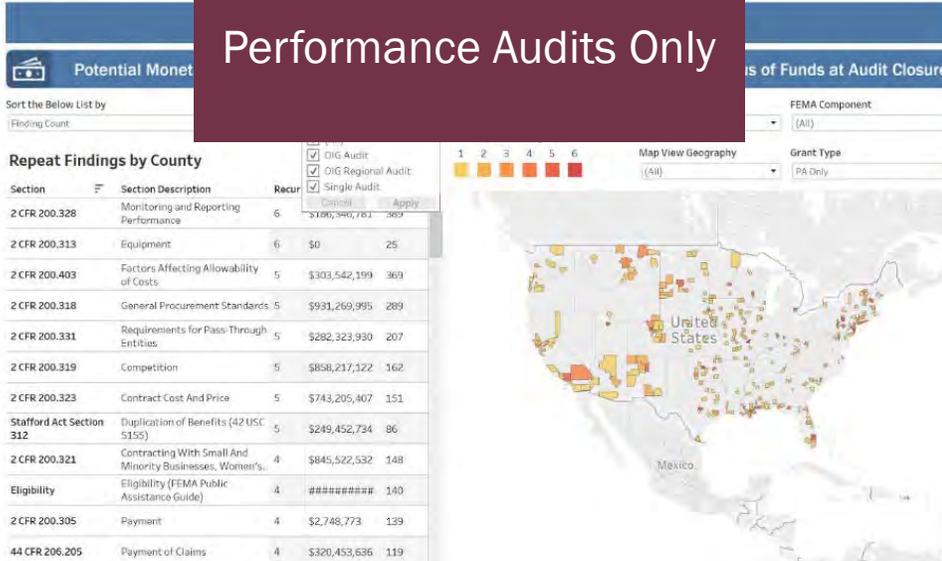


Analytics in Action



Performance Audits Only

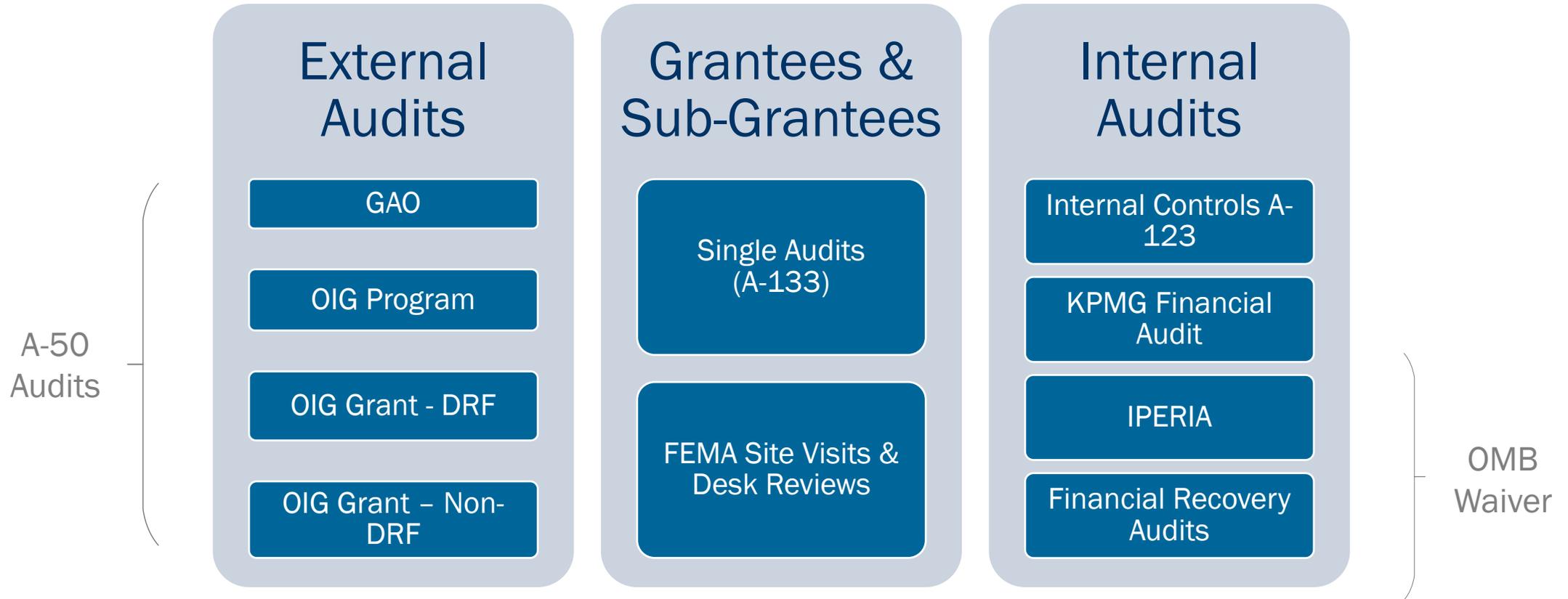
Performance Audits & Single Audits



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# Run – What’s Next

## 1. Complete Remaining External & Internal Audits



# Run – Future & Beyond

## 2. Expand to other FEMA “Audit-Like” Inputs

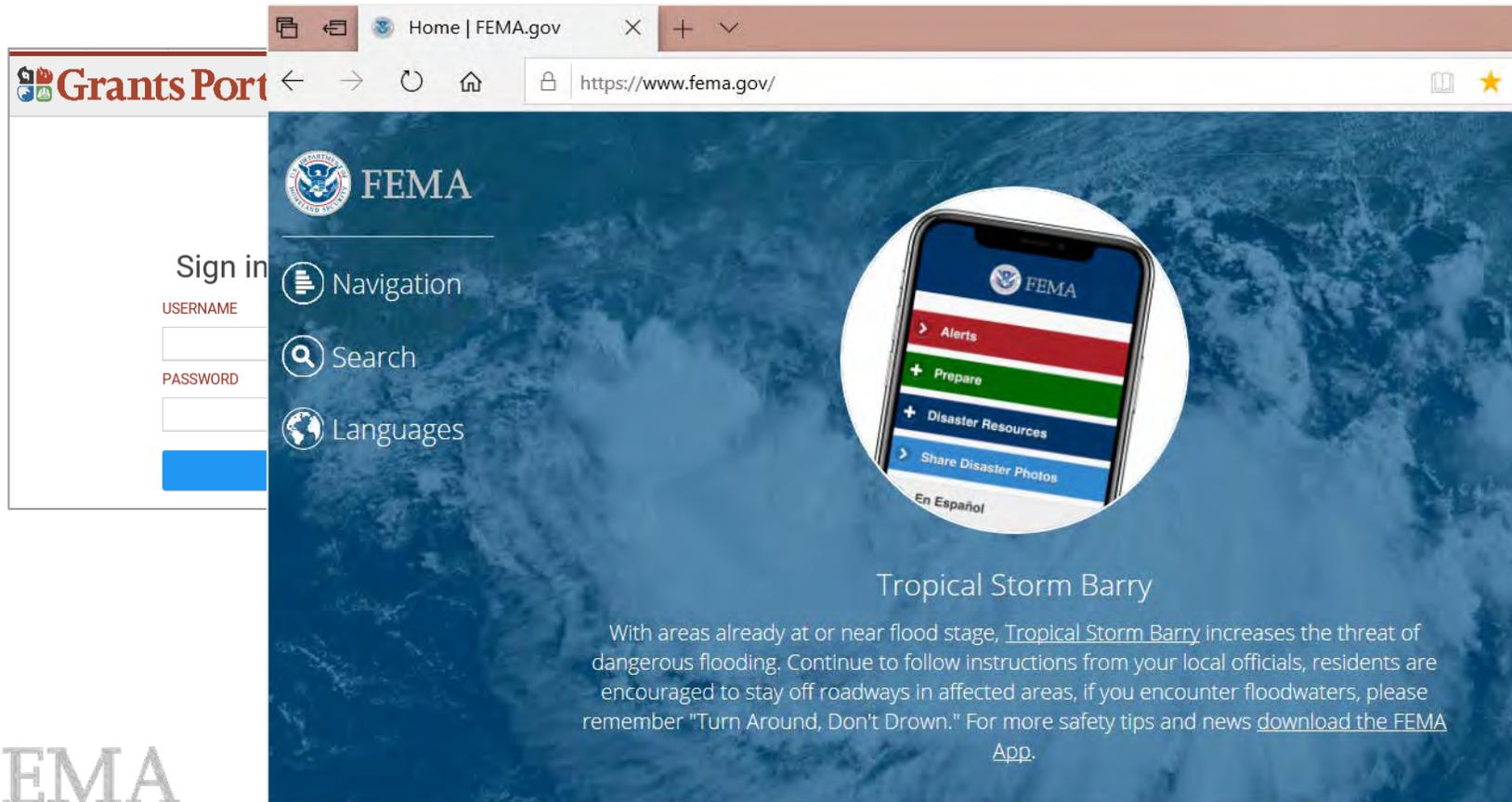


# Run – Future & Iterative

## 3. Extend into Grants Modernization Effort

Integrate with Current Grants Portal

Integrate with FEMA GO

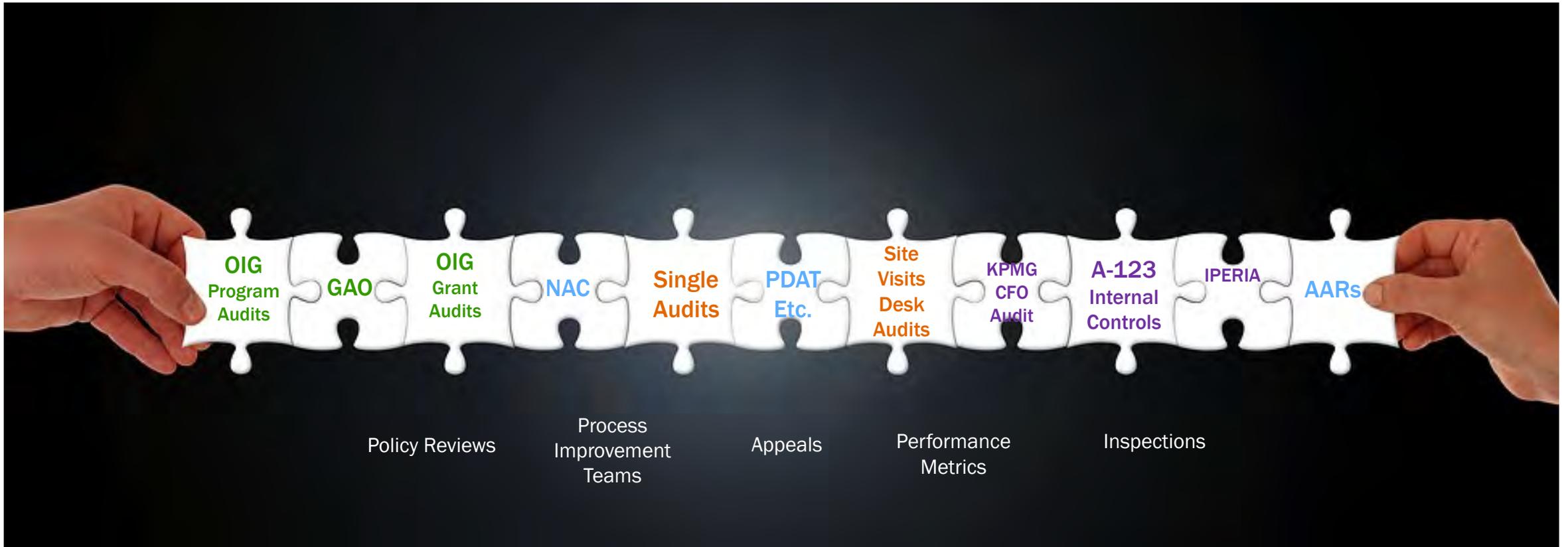


The screenshot shows a web browser window with the URL <https://www.fema.gov/>. On the left, the 'Grants Portal' is visible, featuring a 'Sign in' section with fields for 'USERNAME' and 'PASSWORD', and a blue login button. The main content area displays the FEMA logo and navigation options: 'Navigation', 'Search', and 'Languages'. A circular inset highlights the FEMA GO mobile app interface, which includes a menu with 'Alerts', 'Prepare', 'Disaster Resources', and 'Share Disaster Photos', along with the text 'En Español'. Below the app inset, a news article titled 'Tropical Storm Barry' is visible, with the text: 'With areas already at or near flood stage, [Tropical Storm Barry](#) increases the threat of dangerous flooding. Continue to follow instructions from your local officials, residents are encouraged to stay off roadways in affected areas, if you encounter floodwaters, please remember "Turn Around, Don't Drown." For more safety tips and news [download the FEMA App](#).'

Integrate with  
FEMA.gov

# In Summary: Continuing the Truth Puzzle

## Consolidation of all Audit Types into a Single Source of Truth



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# Results-Oriented Accountability for Grants Cross Agency Priority Goal (Grants CAP Goal)

*Maximize the value of grant funding by applying a risk-based, data driven framework that balances compliance requirements with demonstrating successful results for the American taxpayer.*

**GOAL STATEMENT**





# Grants CAP Goal Strategies

Hold recipients accountable for good performance practices that support achievement of program goals and objectives; & streamline burdensome compliance requirements for those that demonstrate results.



## Achieve Goals and Objectives



### Standardize Business Processes & Data

Standardize grants management business processes & identify, operationalize, standardize, & link data.



### Build Shared IT Infrastructure

Use standard business processes & data to identify opportunities to build shared solutions that reduce burden & improve the user experience.



### Manage Risk

Leverage data, including data from annual audits, to assess & manage recipient risk.





## Instructions:

Please enter your questions via the chat feature via Adobe Connect; OR

Email them to [GrantsTeam@omb.eop.gov](mailto:GrantsTeam@omb.eop.gov)





# Stay Informed

**JOIN OUR COMMUNITY TODAY!**

<https://www.performance.gov/CAP/grants/>



## **INNOVATION EXCHANGE SESSION SCHEDULE:**

July 25, 2019

September 26, 2019

October 24, 2019

**Note:** Sessions will not be held in August, November, or December

**DO YOU HAVE AN INNOVATION YOU WOULD LIKE TO SHARE?**

Please email the Grants Team at [GrantsTeam@omb.eop.gov](mailto:GrantsTeam@omb.eop.gov)

