Grants Innovation Exchange Session

“Smarter Use of Audit Data to Drive Change”

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Office of Policy and Program Analysis
Federal Emergency Management Agency

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

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.
Getting to the Truth using Audit Data

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

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

- Vision & Capability Model
- Crawl, Walk, Run Strategy
- Analytics in Action
November 2012

Hurricane Sandy: Formed 10/22/2012, Dissipated 11/2/2012
Where We Were...

Unstructured and Fragmented Audit Data Everywhere

“So many duplicates, which one is correct?”

“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?”

“What do you mean it’s lost?”

“Why is my cheat sheet different from yours?”

“When did the process change?”

“What can’t everything be in the same place?”

“We need a Single Source of Truth!!”

“We need a Single Source of Truth!!”

8
Where We Are Today...
1. Start with Vision and Capability Assessment
Vision: ALO Wheel of Compliance

Iterative Approach

- People
  - Technology & Analysis
  - Strategic Planning
- Technology
  - Performance
  - Policy & Guidance
- Process
  - Training & Skills
  - Communication
Capabilities Assessment

Assess Where Are You on the Continuum & Address Key Gaps

- UNMANAGED
  - Chaotic
- INCIPIENT
  - Reactive
- FORMATIVE
  - Proactive
- OPERATIONAL
  - Practitioner
- PROACTIVE
  - Master

People

Process

Technology

2012 – 2013
Wheel of Compliance Policy & Guidance

2014 – 2015
Centralized Repository ALO Team Structure

2016 – 2017
Performance Audit Dashboard (Tactical)

2018 – 2019
Compliance Dashboard (Strategic)
Grow & Align Team

2020 – 2021
Expand Data & Dashboards
Predictability, Risk & Mitigation
Step 2: Align with Drivers for Change

External & Internal
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
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

#### Performance Audit Dashboard

<table>
<thead>
<tr>
<th>Audit Type</th>
<th>Post Due</th>
<th>Over In 90</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAO Audit</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>OIG Audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIG Regional Audit</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

#### DHS Measures

- **Open Audits:** 143
- **Open Recommendations:** 180

#### Letter Timeliness

<table>
<thead>
<tr>
<th>Audit Type</th>
<th>60 / 90 Day Letters</th>
<th>6 Month Resolutions</th>
<th>90 Day / Corrective Action Plan (CAP) Updates</th>
<th>Recommendation Responsiveness</th>
<th>Recommendation Timeliness</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAO Audit</td>
<td>17</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIG Audit</td>
<td>3</td>
<td>5</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIG Regional Audit</td>
<td>2</td>
<td>6</td>
<td></td>
<td>24-36 Months</td>
<td>30</td>
</tr>
</tbody>
</table>

#### Compliance Dashboard - DRF Audits

- Link to GAO Reports
- Link to OIG Reports
- Questions? Please email the Audit Liaison Office at FEMA-AO-Analysts@fema.dhs.gov

![FEMA Logo]
Open Audits: Audit Lifecycle Activity Tracking and Trends

- Visibility to audit inventory and lifecycle activity
- Year-over-year trending
- Open vs. Closed Backlog
## Open Recommendations: Tracking and Trends

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

Proof of Concept
- Data Collection & Capture
- Data Standardization
- Enhance System of Record (ePMO)
- Verification & Validation (Data and Processes)
- Storyboarding & Use Cases
- Validate Proof of Concept

Production
- Formalize Data Collection & Capture
- Build Transformation Process
- Develop Dashboard
- Stakeholder Socialization

Iterative
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

- Data Collection & Cleansing
  FAC Data & Single Audit Reports Using R-Studio

- Data Standardization & Transformation
  Using R-Studio

- Verification & Validation
  (Data and Processes)

- Storyboarding & Use Cases

- Enhance System of Record (ePMO)
3. Compliance Dashboard

Disaster Relief Fund Audit Findings

- Potential Monetary Findings
- Map of Recurring Findings
- Status of Funds at Audit Closure

Count of Audit Findings: FY 2012 - 2019

Top Authorities Referenced by Auditors for All

Finding Details on 44 CFR 206 for All

Finding Type
- Administrative Issues
- Funds Put to Better Use
- Questioned Cost
Performance Audits Only

Performance Audits & Single Audits
Run – What’s Next

1. Complete Remaining External & Internal Audits

**External Audits**
- GAO
- OIG Program
- OIG Grant - DRF
- OIG Grant – Non-DRF

**Grantees & Sub-Grantees**
- Single Audits (A-133)
- FEMA Site Visits & Desk Reviews

**Internal Audits**
- Internal Controls A-123
- KPMG Financial Audit
- IPERIA
- Financial Recovery Audits

A-50 Audits

OMB Waiver
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

Integrate with FEMA.gov

Tropical Storm Barry

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.
In Summary: Continuing the Truth Puzzle

Consolidation of all Audit Types into a Single Source of Truth
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

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.

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

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

Email them to GrantsTeam@omb.eop.gov
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