Auditor/Auditee Relationship Perspectives of the Massachusetts SEA

NAFEPA 2018
Washington, DC

MASSACHUSETTS DEPARTMENT OF
ELEMENTARY AND SECONDARY
EDUCATION

"Who Am I, Why Am I Here"

"I'm helping put a man on the moon!"

NASA Employee to JFK 1961

2

Shared Responsibility/Mission – Multiple Levels

★ Federal awarding agency

★ Sub-recipient community (LEAs/CBOs)

★ Intra-SEA Collaboration

3

Shared Responsibility/Mission

★ Outcome driven/performance basis.

★ Respect for statutory/regulatory basis,

★ Public Sector auditing/Uniform Guidance (UG) 2 CFR Subpart F:

  ★ §200.326 Program Performance Monitoring
  ★ §200.25   Cooperative Audit Resolution

DESE Environment

★ $800M Grant-Making Enterprise

★ 500+ sub-recipients/4,000+ grants

★ 2 Federal Awarding Agencies

★ DESE Duality of Role

    ★ Auditor & Auditee

DESE Auditor/Monitor Role: Sub-recipient Monitoring

★ Shared mission approach across DESE/LEA/CBO staff employs a number of activities, including:

- ★ Site visits (programmatic & fiscal review)
- ★ Desk reviews
- ★ Periodic meetings and trainings.
- ★ Providing resources (consultative support/manuals and guides)
- ★ Single audit

★ Updated Risk Assessment Methodology to deploy resources.

6

Risk Assessment Methodology

★ Total Funding/Multiple Awards

★ Grant Complexity

★ Timeliness of Financial Report Filings

★ District Accountability Level 1-5

★ Type of Sub-recipient (Govt / Non Profit)

★ New/Existing Sub-recipient

★ Key Personnel Changes

★ Single Audit Findings/Repeat Findings

★ DESE Program & Fiscal Review Findings

★ Late Data Filings/EOYR Findings

7

DESE Auditee Role: Vigilant & Humble

★ Integration of Program/Fiscal Staff

★ Strong Internal Control Environment

★ Continuous Improvement Mindset

  ★ Ongoing self-monitoring

  ★ Identify Issues

  ★ Implement Corrective Action

8

Auditee Preparation

★ Audit is an opportunity, not a burden

★ Lack of preparedness is not a option

★ Audit should not provide surprises

★ Auditee required to self-assess (UG §200.238(a))

Audit Resolution Strategies

Universal Role Applicability

★ Common goal focus

★ Effective resolution ➡ Improved Programs

★ Discussion/Dialogue v. Adversarial Environment

Required Corrective Action

★ Corrects identified deficiencies

★ Produces recommended improvements; or

★ Demonstrates that audit findings are either invalid or do not warrant auditee action.

UG §200.26

Corrective Action

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★ Demonstrates that audit findings are either invalid or do not warrant auditee action.

Corrective Action (UG Section 200.26)

Road to Success Framework

★ Cooperative Audit Resolution & Operational Improvement (CAROI)

★ Formally acknowledged in UG §200.25

"Cooperative Audit Resolution means the use of audit follow-up techniques that:

➤ promote prompt **corrective action**

➤ by improving **communication**, fostering **collaboration**, promoting **trust**, and developing an **understanding** between the federal agency and the non-federal entity."

14

Foundation for Cooperative Audit Resolution: *Four Goals of CAROI*

1. Create and maintain a dialogue;

2. Resolve all audits cooperatively;

3. Improve [Single] Audit; and

4. Coordinate audits, monitoring & technical assistance activities (oversight).

AGA Intergovernmental Partnership Update—
10+ Years of Service

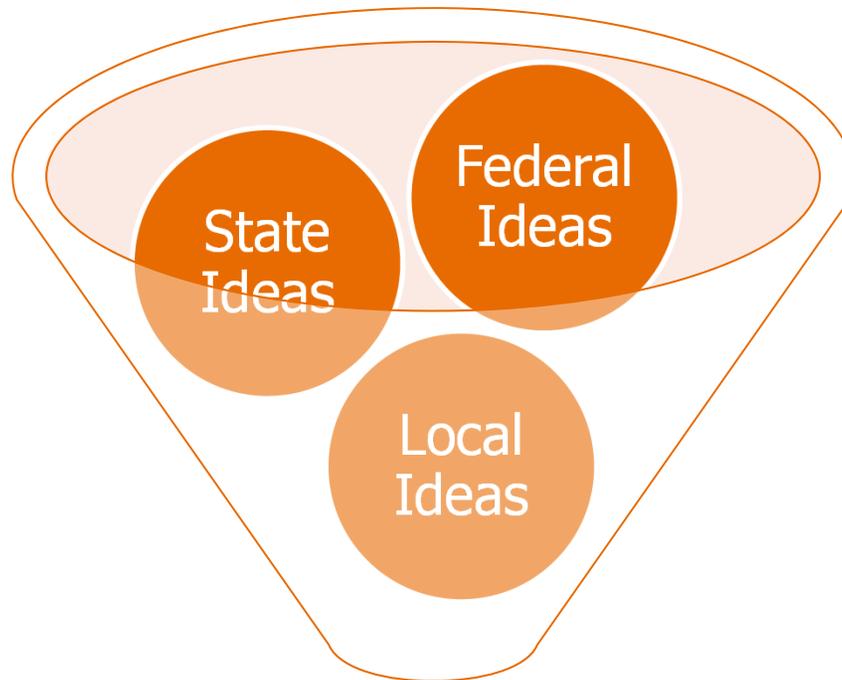## Shared Mission Products

https://www.agacgfm.org/intergov

AGA Intergovernmental Partnership

★ Open the lines of communication among all levels of government with the goal of improving performance and accountability

★ Officials from the federal, state and local levels of government and higher education

★ Develop generally-accepted approaches and best practices for improving the performance and accountability of intergovernmental programs

17

State Ideas

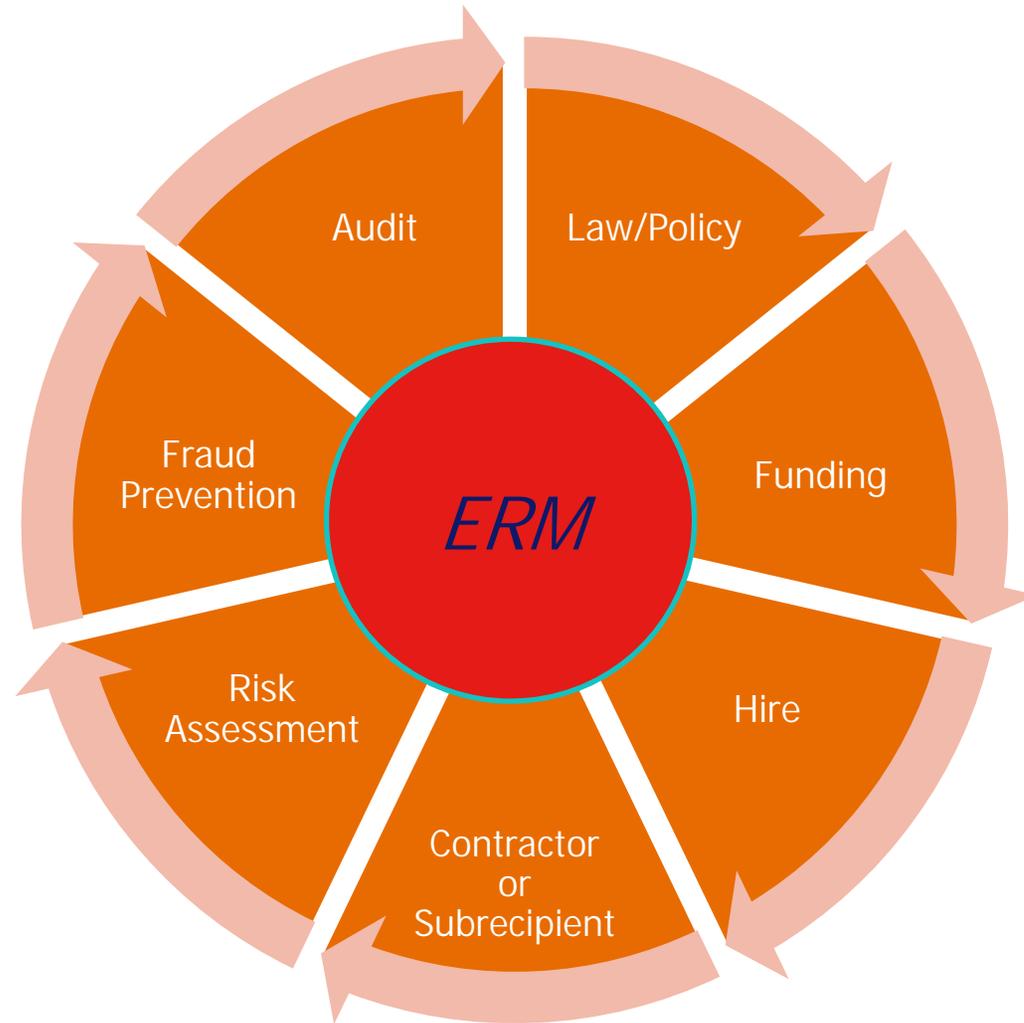Federal Ideas

Local Ideas

Partnership Idea

18

ERM

Audit · Law/Policy · Funding · Hire · Contractor or Subrecipient · Risk Assessment · Fraud Prevention

19

Figure 1: CAROI Feedback Loop

Cooperative Audit Resolution
CAR

1) Create and maintain a dialogue
2) Resolve audits cooperatively

Use lessons learned to improve program performance and to update audit and oversight programs

CAROI Feedback Loop
for Improving Program Performance and Reducing Improper Payments

Find common ground with program partners to address internal control weaknesses and underlying problems

OI
Oversight Initiative

3) Improve [single] audit
4) Coordinate audits, monitoring & technical assistance activities (Oversight)

CAROI Feedback Loop is not just for audit findings. It can address any control or process deficiency.

Audit

Law/Policy

Fraud Prevention

Funding

Assessment

re

Cooperative Audit Resolution and Oversight Initiative (CAROI) Guide
Helps identify the underlying cause of audit and oversight findings and empowers the people who know programs best to chart a course for program improvement.

Successfully Implementing Cooperative Audit Resolution
A Playbook for Improving Programs and Reducing Improper Payments

Read the report online | Download and print the report

20

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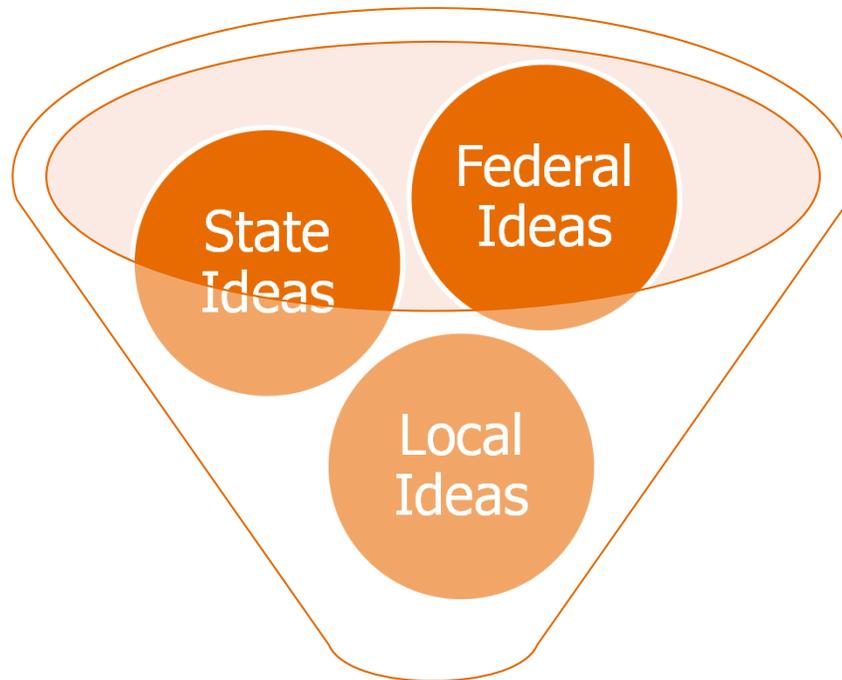# Shared Mission Products

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21

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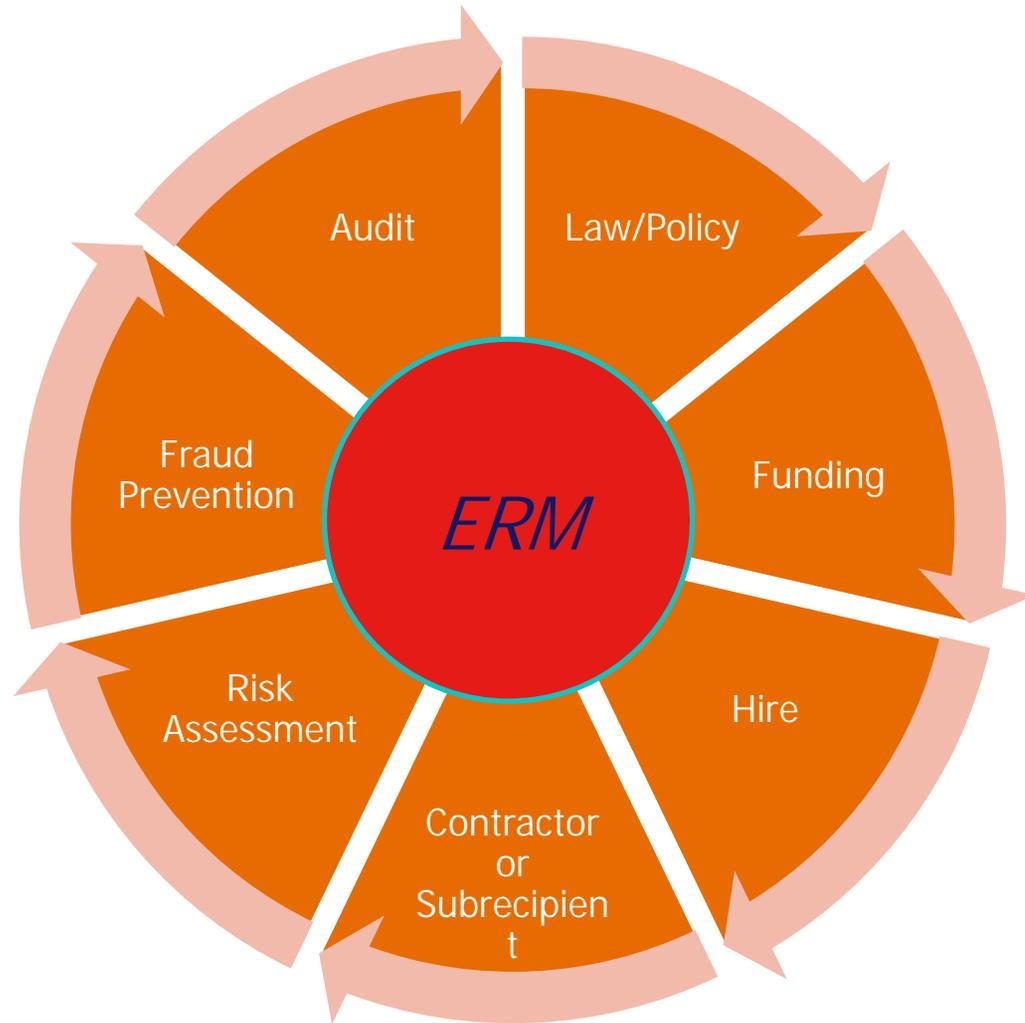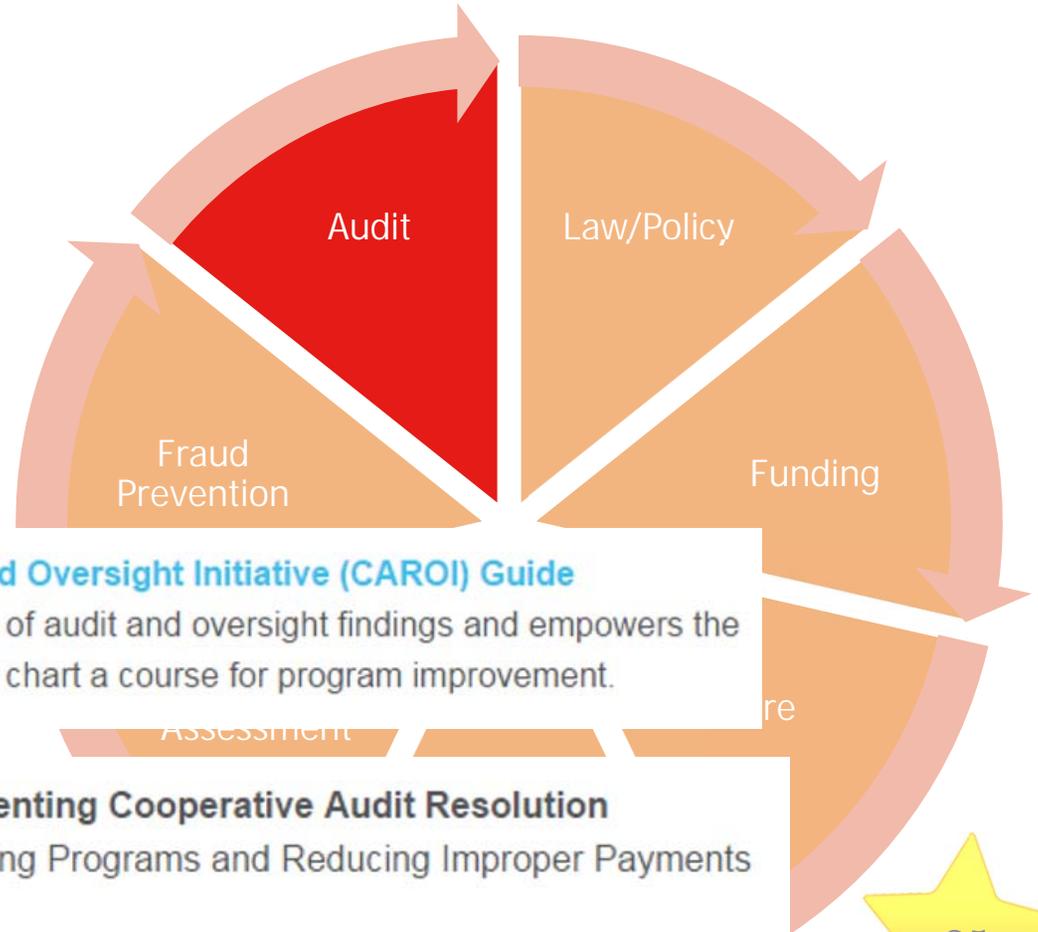
22

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25

Challenges

★ Complexity of Grants

★ Knowledge gap

★ Communication

Opportunities

★ Expand upon the shared mission philosophy between the federal awarding entity, SEA and sub-recipients, while maintaining proper compliance role.

★ Develop a working relationship with sub recipients with mutual respect and sharing best business practices.

★ Increase the focus on outcome-driven grant making.

Shared Mission

"When the rain fall, it don't fall on one man's housetop"

Bob Marley, 1977

28

Thank You

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