

# Framework for Grant Oversight

1

## **“Focus on Recovery”** **2010 National Procurement and Grant Fraud Conference**

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# Federal Grant Oversight Now

2

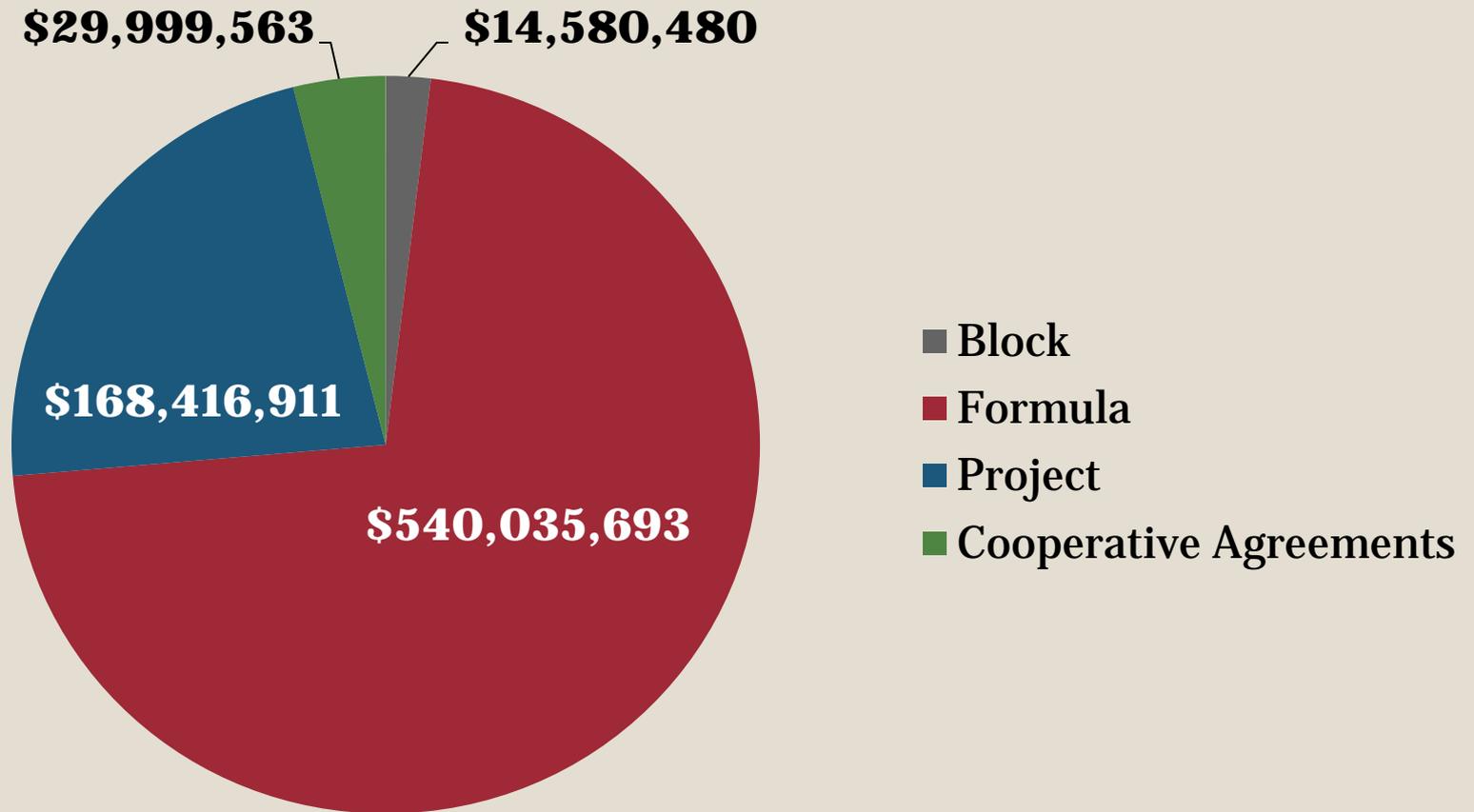
- **26 Federal Grants Agencies / 29 ARRA Agencies**
  - \$753 Billion in Grants (FY 2009)
  - About 11,000 OIG staff provide oversight
- **Circular A-133 (Single Audit Act) Reports by Independent CPA Firms**
  - \$500,000 in annual Federal expenditures threshold
  - Grantees initiate as part of their Financial Statement audits
  - 35,000 single audits to Audit Clearinghouse
  - OIGs review audit reports and CPA firms
- **RATB: \$275 Billion in ARRA Awards (88,791 Grants)**
- **GAO: Forensic Oversight and Special Investigations (FOSI)**
- **OMB: \$110 Billion Improper Payments in FY 2009 (4%)**



# Federal Grants FY 09

## Total: \$753 Billion

3



Source: U.S Census, Federal Assistance Award Data System, FY 09 Q1-4

# Grant Fraud Challenges and Solutions

4

- **Challenges**

- Economy increased need for more Federal funding for traditional grantees and new grantees
- Limited/Less Federal oversight of grant administration
- Federal oversight has limited visibility of grantee spending
- Federal agencies rely heavily on trust for accurate entity reporting

- **Solutions**

- Continue ARRA-level recipient reporting
- Greater use of data analytics and automated oversight
  - Transaction-level testing
  - 100% review based on automated business rules
  - Continuous monitoring
  - Quick response



# Grant Fraud Focus Group

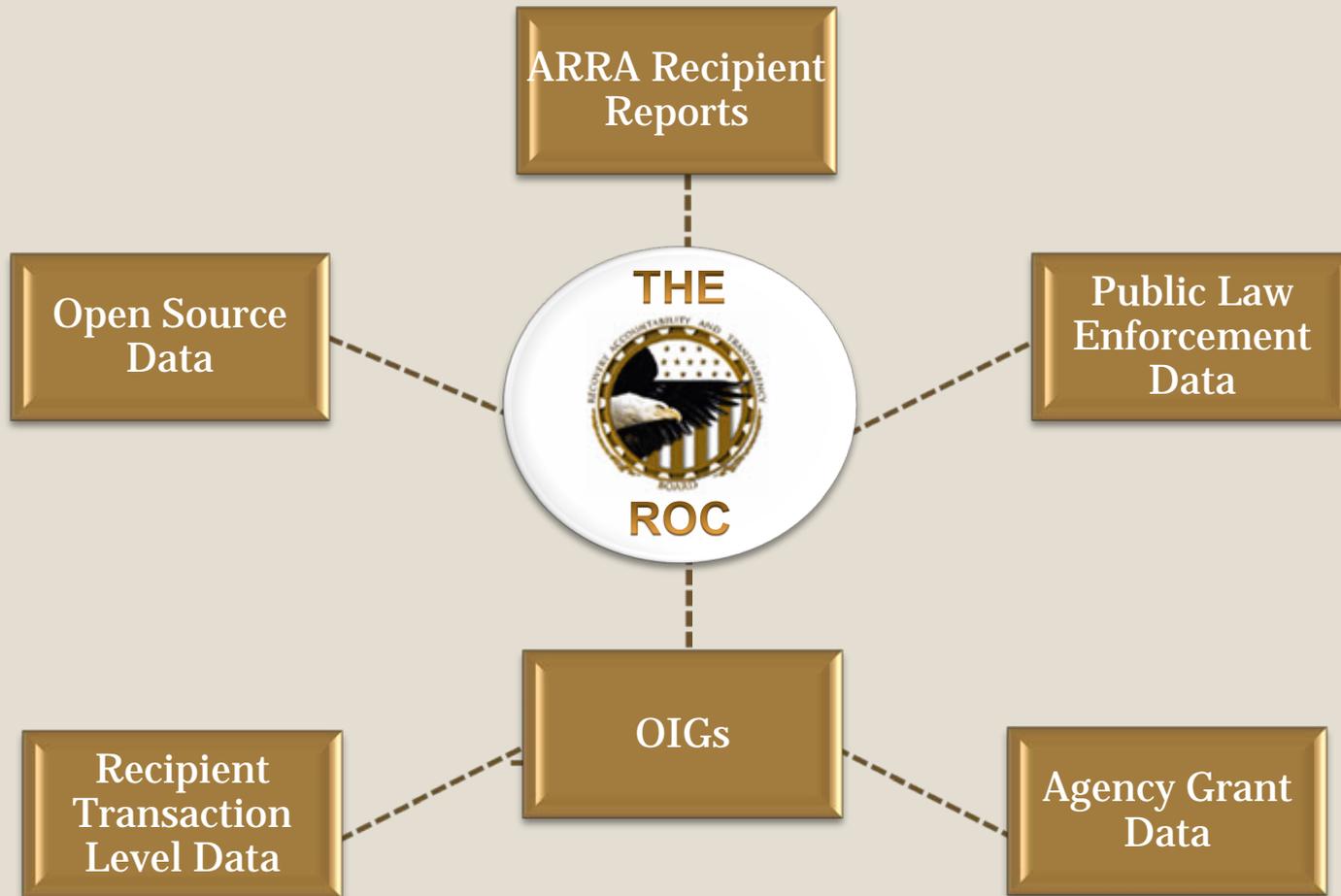
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- Chartered by the Recovery Accountability and Transparency Board during September 2010
- To Develop a Framework for Grants Oversight
  - Similar to DOD guide for contingency contracting
  - End-to-end grant process framework
  - Will promote more automated techniques
  - Guide to be available in early 2011
- Focus is to Improve Grant Oversight
  - Better ways to identify problem grantees
  - Standardize grant audit and investigative efforts
- Members are Auditors, Investigators, and Attorneys



# RATB Data Analytics Coordination

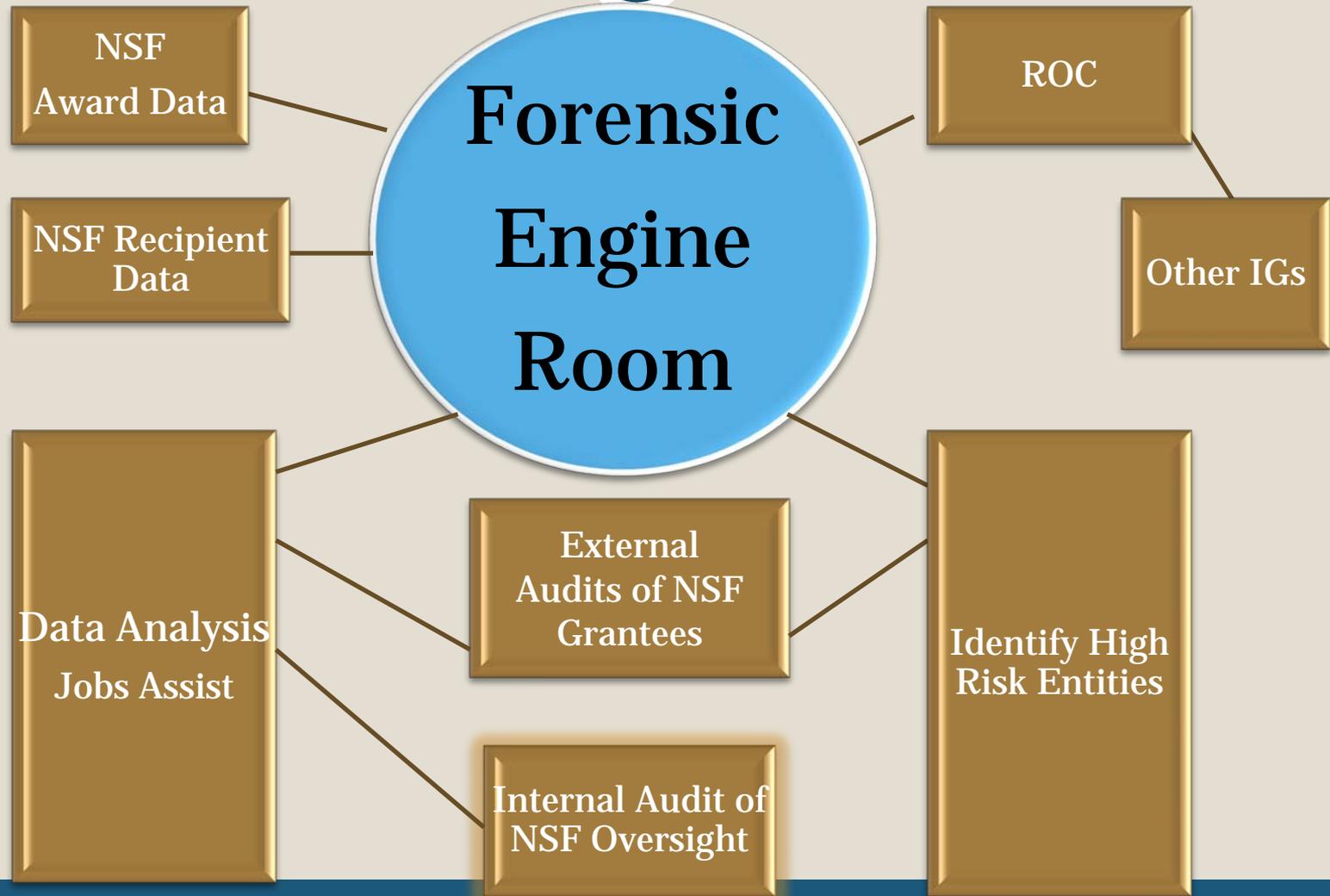
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# NSF OIG Data Analytics Coordination

7





# End to End Process for Grant Oversight

8

SOLICITATIONS  
PROPOSALS  
PRE-AWARD  
REVIEW  
AWARD  
CASH  
REQUEST  
PAY/  
ENTITLEMENT  
CASH  
DISBURSEMENTS  
POST AWARD  
AWARD  
CLOSE-OUT

## PRE-AWARD RISKS

- Funding Over Time
- Conflict of Interest
- False Statements
- False Certifications
- Duplicate Funding
- Inflated Budgets
- Candidate  
Suspended/Debarred

## ACTIVE AWARD RISKS

- Unallowable, Unallocable, Unreasonable Costs
- Inadequate Documentation
- General Ledger Differs from Draw Amount
- Burn Rate
- No /Late/Inadequate Reports
- Sub-awards, Consultants, Contracts
- Duplicate Payments
- Excess Cash on Hand/Cost transfers
- Unreported Program Income

## AWARD END RISKS

- No /Late Final Reports
- Cost Transfers
- Spend-out
- Financial Adjustments
- Unmet Cost Share

DATA ANALYSIS

# Look at Red Flag Areas

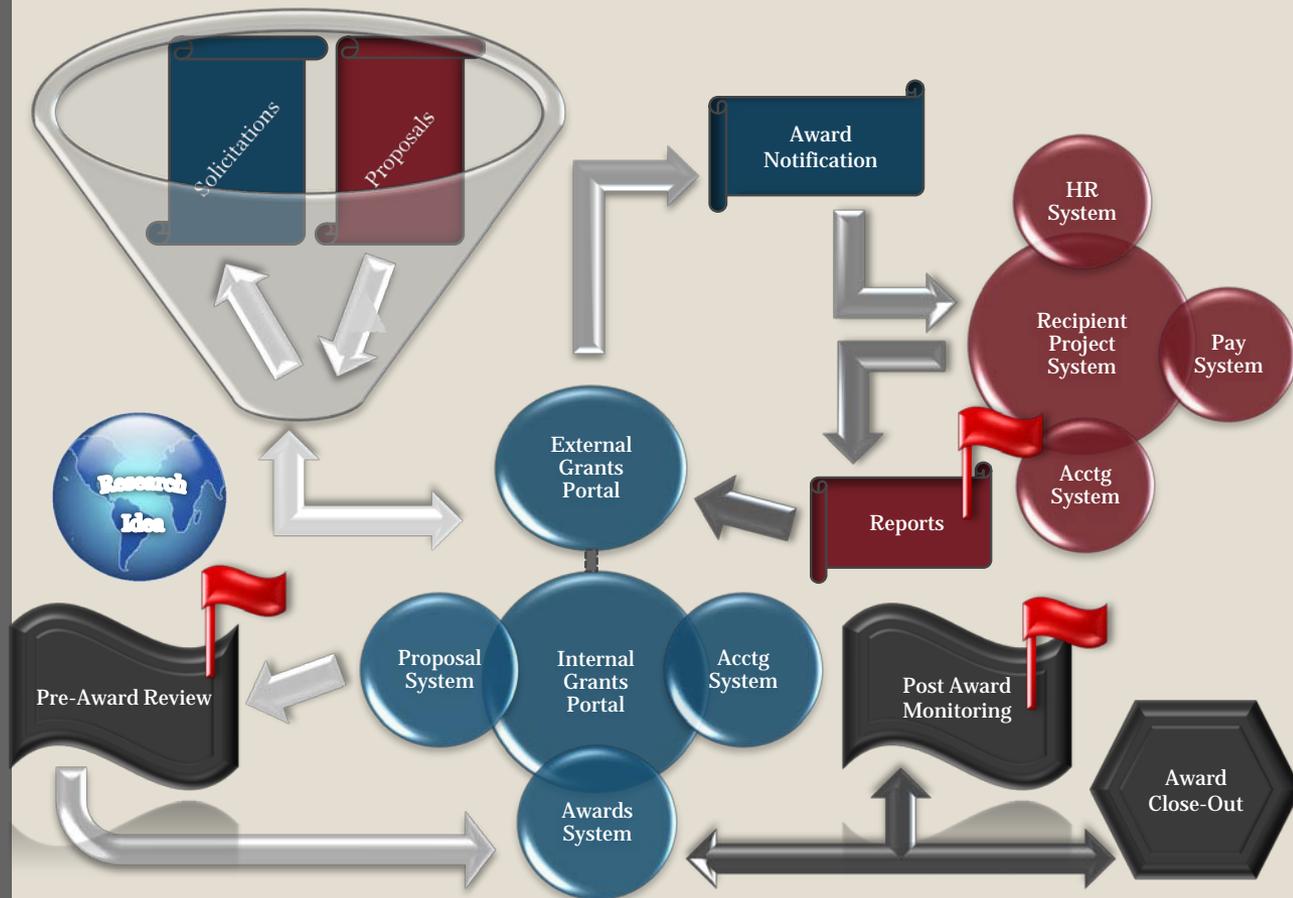
More red flags, the higher the risk.



Less red flags, the lower the risk.



Use Data Analysis to identify anomalies that are potential fraud indicators such as: breaks in trends, outliers, etc.





# Questions?

10

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