Guidehouse

CARES Act and OMB 20-21 –
What Agency Financial Leaders Should Know

How is the magnitude of the CARES Act affecting change in federal financial management?

The detrimental impact and strain of COVID-19 on the American economy and healthcare system led the U.S. Congress to pass an unprecedented economic relief package through the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act or the Act). Through the $2 trillion package, the federal government aims to provide expedited economic relief to both healthcare resources and to American families and businesses. As a result, the U.S. Office of Management and Budget (OMB) released "Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19) M-20-21" to direct federal agencies to focus on three core principles to expeditiously, yet transparently, manage and track funds distributed to recipients:

Core Principles

Achieve
the Mission

Meet crucial needs
expediently

Execute with
transparency and
accountability

What do federal financial managers need to do immediately to address the OMB guidance and use of COVID-19 funds?

Agencies must move quickly for the American people and execute with both transparency and accountability. Despite current legislative and OMB efforts to streamline targeted funding to recipients, the unprecedented magnitude of the CARES Act presents significant challenges for any federal agency's chief financial officer. The CARES Act is the largest stimulus legislation ever passed in the U.S., and federal financial leaders are now responsible for monitoring and reporting on the influx of funding. Agencies and their federal financial managers need to consider the following actions to ensure strong internal controls are in place to maximize efficiencies and reduce waste.

Achieve the Mission

Requirements	Example Agency Actions to Consider
• Ensure the integrity of payments, reduce burden on recipients, and promote operational efficiency. • Incorporate reporting of performance on COVID-19 relief funding into mission performance plans and reports; review progress as part of performance, evidence-building, and enterprise risk management, consistent with guidance in OMB Circulars A-11 and A-123. • Report monthly to OMB and others, including the Bureau of the Fiscal Service in the Department of the Treasury, the new Pandemic Response Accountability Committee, and applicable Congressional committees on any obligation or expenditure of large covered funds. These include funds made available in any form to a non-federal entity other than an individual, where award exceeds $150,000, and was provided by an appropriations act for coronavirus response and related activities.	• Understand agency-wide use of funds, gather information to identify key risk areas, including potential programs that may be susceptible to improper use of funds, to get ahead of future potential Improper Payments Elimination and Recovery Act (IPERA)/Improper Payments Elimination and Recovery Improvement Act (IPERIA) assessments. • Collaborate with Resource Planning Function, Performance Improvement, and Evaluation Officers. • Identify key program requirements to execute spending plans and identify intended outcomes. • Identify agency-specific reports to produce based on large covered funds and reporting requirements in Appendix A and Appendix B of the OMB Implementation Guidance M-20-21. • Document new or enhanced processes, procedures, and desk guides.

Meet Crucial Needs Expediently

Requirements	Example Agency Actions to Consider
• Continue to use standard best practices that include the internal controls necessary for prudently planning for, awarding, and managing contracts, grants, loans, and other forms of assistance. • Where the new relief legislation requires agencies to undertake new or modify existing activities that affect payments, agencies are to balance the imperatives of expediency and good stewardship.	• Review internal controls and agency policies over the procurement and federal assistance processes, including aspects related to procurement rules and processes, grants and loans eligibility and awards, and delegation and approvals. • Evaluate whether policies and controls need to be updated or enhanced to address new requirements and processes, balancing the need for expediency with steps to mitigate risk of fraud, waste and abuse, and improper payments. • Assess workload and remote capabilities of affected federal personnel and look for opportunities to maximize efficiencies.

Execute with Transparency and Accountability

Requirements	Example Agency Actions to Consider
• Apply sound data management principles to make evidence-based decisions, protect information as appropriate, and provide open data for analysis and public use. • Establish processes to ensure that the data reported is of sufficient quality for public reporting and internal decision-making purposes. • Adhere to specific reporting instructions provided in the OMB Implementation Guidance Appendix A and the timeline of requirements in Appendix B. Incorporate new requirements, including usage of the correct Disaster Emergency Fund Code, submitting Digital Accountability and Transparency Act (DATA Act) Files A, B, and C on a monthly basis, and include Program Activity by Q1 FY2021.	• Accurately record and track funding for awards made under the new relief legislation. Review any gaps in data management or reporting that have been identified in internal or external audits, and implement controls around data management and reporting, as required by the DATA Act. • Facilitate oversight and establish monitoring plan to create accountability for results. • Implement frequent periodic testing of payments and controls to identify potential improper use of funds to identify issues and address findings ahead of potential Office of Inspector General/Government Accountability Office or IPERA audits. • Safeguard sensitive information, as appropriate, and publish open data for analysis and public use.

Guidehouse

How has Guidehouse helped agencies navigate historic events?

Guidehouse has decades of experience helping public and private sector leaders continue to fulfill their fiduciary responsibilities while adapting to new realities imposed by momentous events. Guidehouse works with leaders to adopt business process changes that increase efficiencies while maintaining accountability, transparency, and compliance. As demonstrated below, our clients have trusted us as critical advisors during major economic downturns, natural disasters, and public health crises. More than ever, our experience and perspective will be critical to avoiding major pitfalls that accompany large-scale changes in financial management responsibilities.

Event	Our Support
American Recovery and Reinvestment Act (ARRA)	Faced with the daunting task in 2009 of managing the largest influx of federal funding in history prior to the CARES Act, the General Services Administration (GSA) engaged Guidehouse to support the agency with developing and implementing a Recovery Project Management Office to support the delivery of over 400 building design and construction projects in 50 states. We utilized innovative tools and processes to help GSA meet and execute their transparency and accountability goals established by the ARRA and enabled GSA to reach all their obligation and outlay milestones.
Troubled Asset Relief Program (TARP)	In the aftermath of the 2008 financial crisis, Guidehouse helped the U.S. Treasury establish the Internal Controls Program Office to help oversee the $475 billion TARP. Our teams developed processes, systems, and controls customized for TARP, aiding the U.S. Treasury's successful efforts to purchase or ensure troubled assets and therefore promote financial stability in U.S. markets.
Ebola Outbreak	Based upon the lessons learned in the After-Action Reports from the Ebola outbreaks of 2012 and 2014, Guidehouse helped the Centers for Disease Control and Prevention (CDC) create a companion playbook to guide public health incident management teams in employing a risk management framework within a major disaster or public health response. Our work supported the development of strategies to mitigate significant risks in future events.
Hurricanes Harvey, Irma, and Maria	Following the most damaging hurricane season in U.S. history, Guidehouse helped the Federal Emergency Management Agency develop a pilot program to enhance the monitoring of a multibillion-dollar grant fund being disbursed to recipients affected by the historic 2017 hurricanes. Through the pilot program, our teams helped identify hundreds of millions in improper payments and promoted a shift in recipient behavior toward responsible stewardship of federal grant funding and establishment of internal controls to mitigate risks. Additionally, Guidehouse assisted the Department of Homeland Security to apply advanced data analytics to identify anomalies in spending in areas where changes in guidance and thresholds may have resulted in increased risk.
Water Contamination with Per- and Polyfluoroalkyl Substances (PFAS)	Guidehouse supported the CDC's National Center for Environmental Health and Agency for Toxic Substances and Disease Registry in standing up a rapid and multifaceted public health response to the environmental health threat of PFAS. Guidehouse brought an optimal mix of commercial, academic, and nonprofit expertise to support the agency's PFAS response to provide agency staff and leadership with a strong foundation and platform to develop and launch the next phase of public health response to PFAS contamination. This also serves as a model for mobilizing rapid, targeted, and high-impact responses to other new and emerging contaminants.
COVID-19 Healthcare Grant Funding	Due to the economic strain exacted by the COVID-19 pandemic, 32 healthcare systems (representing 400 hospitals) across 30 states have engaged Guidehouse to provide technical assistance in securing grants from federal, state, and local agencies as they are challenged by falling revenues and increased expenses. Guidehouse utilizes hybrid deployment teams consisting of grants experts, healthcare professionals, data scientists, accountants, engineers, and program managers, with teams customized to provide individual support to each healthcare client. These teams walk their healthcare clients through the complex menu of different grant funding options available to them and assist in the application for this funding.