

# GOVERNOR'S OFFICE OF FEDERAL ASSISTANCE

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NEVADA'S FEDERAL GRANT RESOURCE

Post Award Risk Management &  
Mitigation Strategies to Help Prevent Audit Findings



# General Housekeeping

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- **Welcome**
- Training will be recorded and will be stopped during Q&A
- Today's training video, referenced links, and the resources shared will be posted to our website and sent to all registered attendees.
- If you have a question, drop it in the chat
- Close Captioning is available, please click the CC button at the bottom of your screen





# About Us

The Governor's Office of Federal Assistance (OFA) was created with the passage of Assembly Bill 445 of the 81<sup>st</sup> Legislative Session in 2021. OFA officially opened its doors on July 1, 2022.

## Vision

The Governor's Office of Federal Assistance supports our stakeholders in obtaining, increasing, and maximizing federal assistance.

## Mission

The Governor's Office of Federal Assistance reduces barriers by providing inclusive, collaborative, comprehensive, and centralized support in obtaining federal dollars for Nevada.





# Meet Your Trainers

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A'Keia Sanders  
Senior Executive Grant Analyst



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Executive Grant Analyst





# Maximizing Effective Federal Funding

- ✓ Federal Fund Allocation & Maximizing Impact
- ✓ Ensure efficient and effective management of federal funding
- ✓ Deliver essential services to individuals within our communities
- ✓ Strengthen connections to eliminate in-state competition





# Learning Objectives & Goals

- Defining Risk
- Identifying and Mitigating Risks in Grant Management
- Planning for the Unexpected: Common Issues
- Monitoring Strategies for Risk Management
- Effective Risk Management Practices
- Understanding Audit Findings and Preparedness





# Defining Risk & Risk Management

## Risk

An event that has a potentially negative impact and the possibility that such an event will occur and adversely affect an entity's assets, activities, and operations.

## Risk Management

The continuous process of assessing risks, reducing the potential that an adverse event will occur, and putting steps in place to deal with any event that does occur.

Risk management involves a continuous process of managing – through series of mitigating actions that permeate an entity's activities – the likelihood of an adverse event and its negative impact.

Risk management addresses risk before mitigating an action, as well as the risk that remains after countermeasures have been taken.



# Identifying Risk in Grant Management

Identifying all potential risks that could arise during the grant cycle is the first step in risk management.

It is imperative as the grant manager that you thoroughly read and understand the notice of award and can agree to comply with all the terms and conditions.

Here are things to consider when identifying risk in grant management:

- Financial Risks
- Compliance Risks
- Operational Risks
- Performance Risks







# Methods for Mitigating Risk in Grant Management

There are four areas to focus your mitigation efforts on:

- Financial Risks
- Compliance Risks
- Operational Risks
- Performance Risks





# Financial Risk Mitigation Strategies

## Budget Monitoring

Implement an efficient budget monitoring system to track expenses and ensure you stay within your allocated budget.

## Financial Controls/Internal Controls

Establish financial controls such as approval processes for expenses and regular financial reviews to prevent misallocation of funds.





# Compliance Risk Mitigation Strategies

## Compliance Training

Ensure your staff is trained on grant compliance requirements and understand.

## Document Management

Maintain proper documentation of expenses, reports, and other compliance-related documents to facilitate accurate reporting.

## Compliance Checks

Conduct regular compliance checks to identify and address an issues.

## Historical Review

Make sure you review the grantee's past compliance history to assess their ability to adhere to reporting requirements. ( i.e. check debarment and suspension list)





# Operational Risk Mitigation Strategies

## Comprehensive Planning

Develop a detail project plan that includes risk assessments, contingency plans, and clear responsibilities.

## Skill Development

Invest in training and development programs to ensure staff have the necessary skills to execute the project effectively.

## Supplier Diversification

Identify alternative suppliers to reduce reliance on single suppliers and mitigate supply chain disruptions.





# Performance Risk Mitigation Strategies

## Clear Objectives and Milestones

Make sure you have clear goals and checkpoints for your project. This helps you keep track of progress and see if you're on the right track.

## Scope Management

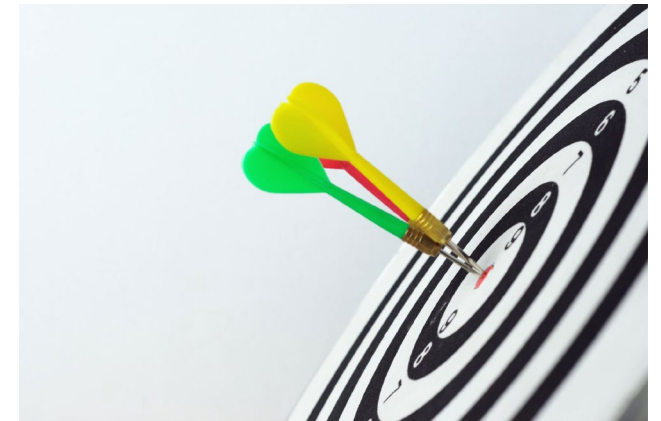
Put strong processes in place to handle any changes to the project, ensuring that the quality of the project stays high, and it keeps moving forward as planned.

## Quality Assurance

Establish quality assurance processes to monitor and maintain the quality of project deliverables

## Regular Performance Reviews

Conduct regular performance reviews to assess progress and identify any issues early.









# Failing to Plan is Planning to Fail

The single most effective strategy of Risk Management is creating an achievable grant execution plan and sticking to it.

Successful grant execution plans have SMART Goals where:

- Roles are specific and clearly spelled out
- Duties and tasks have due dates – leave time for team lead review
- Timelines are clearly spelled out with clear consequences for failure
- Results are achievable and measurable
- If a team member is not carrying their weight, don't be afraid to switch him or her out for someone who will.

<b>S</b>	<b>Specific</b>	Make your goal specific and narrow for more effective planning	
<b>M</b>	<b>Measurable</b>	Make sure your goal and progress are measurable	
<b>A</b>	<b>Achievable</b>	Make sure you can reasonably accomplish your goal within a certain time frame	
<b>R</b>	<b>Relevant</b>	Your goal should align with your values and long-term objectives	
<b>T</b>	<b>Time-based</b>	Set a realistic but ambitious end date to clarify task prioritization and increase motivation	



# Plan for “What If”

Change is the only constant. In crafting your mitigation strategies, you need to account for change.

- Employee Turnover / Resistance
- Resistance or Obstacles to Program Goals
- Programmatic Changes & Pivots
- Unanticipated Delays (like supply chain issues)
- Budget Issues
- Internal Control Failures





# Employee Turnover

Every organization experiences employee turnover. Have a backup plan when an employee leaves.

- If one of your principals leaves and they are listed in the application, you must notify the funder
- If the individual is not listed in the application but the position's duties need to be filled, consider cross training other individuals.
- If you are short of staff and have a board or governing counsel, consider asking them for assistance until you can get the position filled







# Employee Resistance

Adapting to change is not easy for everyone. Sometimes you will encounter employees will resist doing something new.

- *Navigating Change Resistance*
  - Overcoming change in the workplace is an on-going challenge
  - If resistance is due to workload, consider shifting duties or responsibilities to allow your employees more time to complete the work
  - If resistance negatively affects the project, be prepared to either escalate this issue per your organizational structure or replace the participant
- *Keys to Preventing Employee Resistance*
  - Get Team Member Buy-in
  - Continuing education and/or cross training
  - Positioning the grant as a solution to the issues your employees have identified





# Obstacles to Program Goals

We pursue grants to solve a problem we do not have the budget to address. Grants offer the opportunity to address these problems. Sometimes, you will experience pushback on the solutions.

## *Common Programmatic Obstacles*

- Little to no community awareness of the issue
- Stakeholder resistance
- Lack of education or personnel to execute the grant
- Lack of supplies
- Rejection of the proposed





# Preventing Program Goal Pushback

Hopefully, you addressed these potential issues in your grant application. If you did not, consider the following:

- Free webinars to educate the public on the problem and how the solution fits
- Educate those who benefit most to get their buy-in
- Coordinate with like minded organizations to spread the word

Don't forget to report these obstacles and how you propose to overcome them. Reporting educates the funder about issues they might not have considered.





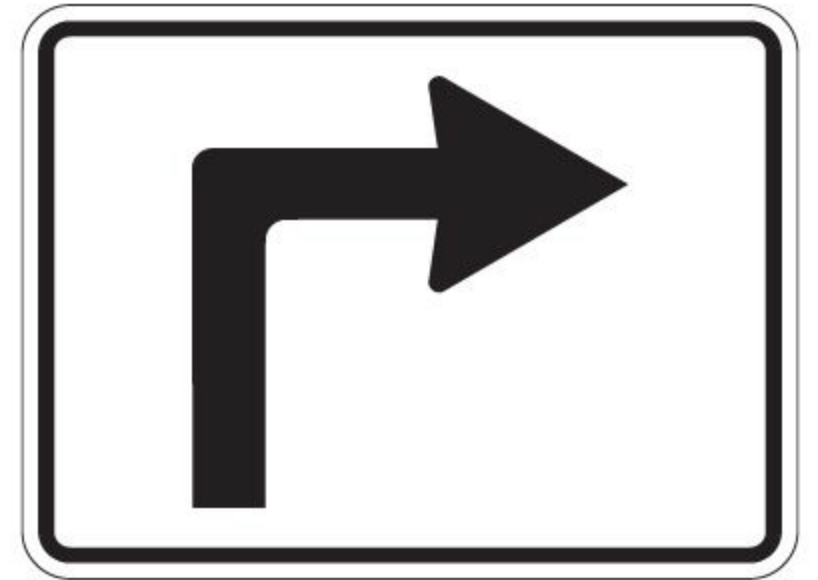
# Programmatic Changes & Pivots

What do you do when leadership changes and support for the grant lessens? Or the program focus shifts?

New leadership may not be fully aware of the legal constraints surrounding grants and their responsibilities.

New leadership needs to know:

- Grants are legally binding contracts
- Grant funds cannot be re-allocated
- Their designated role if their position was identified in the grant proposal.





# Unanticipated Delays

Plan for delays and build in extra time to handle these delays.

Common unanticipated delays:

- Supply Chain Issues
- BABAA Requirements (Build America Buy American Act)
- Subcontractor issues
- Subrecipient issues
- Software development snafus

Build extra time in your project plan for:

- Late deliveries
- Issues outside your control

Clearly communicate the issues and the solutions to the funder.





# Meeting Deadlines

The fast way to mitigate risk is to meet your deadlines. Every grant has deadlines. There are different types of deadlines:

- Deliverables
- Reports
  - Financial Reporting
  - Progress Reporting (often results based monitoring)
  - Time based reporting like quarterly or annual reports

The number of deadlines is based on:

- Type of grant
- Your risk assessment scores







# Budget Issues

The budget you propose in your grant application is how the money is to be spent. However, there are times when you run into budget issues.

First, work with your fiscal team to keep tabs on how and where the money is being spent. We recommend meeting with them at least monthly to confirm spending is on point.

- Overruns
- Under spending
- Incorrect Spending

## ***Fixing Budget Issues with Transparency***

If your grant budget is not balancing:

- Discover the issues
- Take corrective issues immediately.

If the issue is beyond your control or cannot be shifted with the budget as described in 2 CFR 200.430-431, you must report this to your funder.





# Internal Controls Basics

Per the US Government Accountability Office, "Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. These objectives and related risks can be broadly classified into one or more of the following three categories:

- Operations - Effectiveness and efficiency of operations
- Reporting - Reliability of reporting for internal and external use
- Compliance - Compliance with applicable laws and regulations"

## Internal Controls

- Employee Dependent Process
- Only works with cooperation of all employees







# Internal Control Failures

Internal Control failures are when internal controls are not followed leaving your organization at risk for:

- Increased monitoring
- Desk audits & site visits
- Corrective Action Plans
- Recension of funds
- Suspension
- Disbarment
- Prosecution

## Worst Case Scenario:

Serious, unremedied failures are reported to the Inspector General's Office for investigation, prosecution, and if convicted, federal prison time.



# Financial Management Regs in 2 CFR 200

Where can you find federal guidance for specific issues?

- **Cash Management** – 2 CFR 200.302(b)(6)
- **Allowability** - 2 CFR 200.302 (b)(7)
- **Conflicts of Interest** – 2 CFR 200.318(C)
- **Procurements Procedures** – 2 CFR 200.320
- **Employee Benefits** – 2 CFR 200.431
- **Travel** - 2 CFR 200.475 (b)
- **Inventory** – 2 CFR 200.313(d)

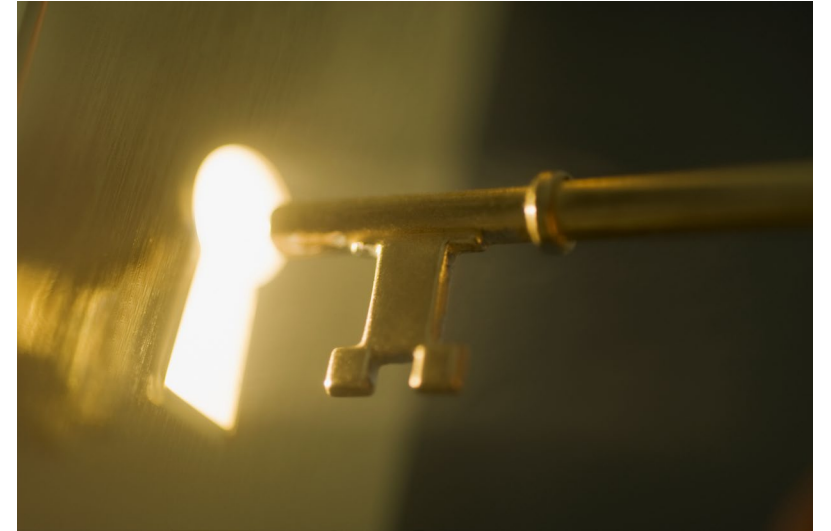




# Internal Controls Areas & Best Practices

The major components of internal controls include:

- Control Environment
- Risk Assessment
- Control Activities
- Information & Communication
- Monitoring



## Best Practice:

Include internal control training in your new employee onboarding procedure and refresh this training annually.

Trust is NOT an Internal Control. Rather, trust but verify!



# Internal Control Failure Example

Jack handles the entire ordering process on a federal grant funded program for the state. With no supervisor or managerial oversight, Jack

- Orders the supplies
- Checks the supply manifest
- Enters the expenditure into the accounting system
- Verifies that the payment left the account

However, Jack has a secret gambling problem. He sells the equipment to pay off his gambling debts.

## How Jack Was Caught

While Jack was on vacation, his supervisor handled a shipment of chainsaws. But the project did not need chainsaws as they did road work. Jack's supervisor and manager immediately began to investigate.

Jack is now in federal prison.

## Moral:

If his supervisor and manager had segregated the ordering duties, Jack would not have been able to embezzle over \$750,000 from a federal grant.





# Spotting an Internal Control Failure

Monitoring serves as a method for managers to oversee the adherence to processes such as internal controls within an organization.

Monitoring Activities include (but not limited to)

- Spot checking
- Providing continual education on internal processes
- Self-auditing transactions
- Getting proper authorization for all parts of a transaction
- Adequate documentation & records
- Reporting
- Desk Reviews & Site Visits - 2 CFR 200.328-329
- Corrective Action Plans







# Corrective Internal Controls

When you find an error, you need to have a process to fix it and it needs to be in writing. Consistent Monitoring is required to know when and how to implement corrective internal controls.

If this issue means your budget is out of balance or the terms of your grant cannot be met, contact your funder for guidance (2 CFR 200.328 to 200.329). The funder may provide any of the following to correct the issues.

- Technical Assistance
- Desk Reviews
- Site Reviews
- Corrective Action Plans



# Benefits of Corrected Internal Controls

Benefits include:

- Stronger working relationship with the funder
- Reduced risk level
  - Less future monitoring
  - Less paperwork
  - Reduced stress and worry
- Stronger defense against internal fraud and theft
- Prevention of repeat site visits
- Makes organization more attractive to future grantors
- Better community reputation resulting in:
  - Better qualified job applicants
  - Improved job satisfaction
  - Less employee turn over



# Effective Risk Management Practices

Effective risk management is essential for successful grant management, ensuring funds are used efficiently and objectives are met.

Here are some best practices in Risk Management:

- Thorough understanding of your grant terms & conditions
- Comprehensive risk identification
- Stakeholder engagement
- Clear project objectives & milestones
- Budget monitoring & financial controls
- Compliance monitoring
- Operational efficiency
- Performance monitoring & quality assurance
- Maintain documentation of risk findings
- Continuous improvement



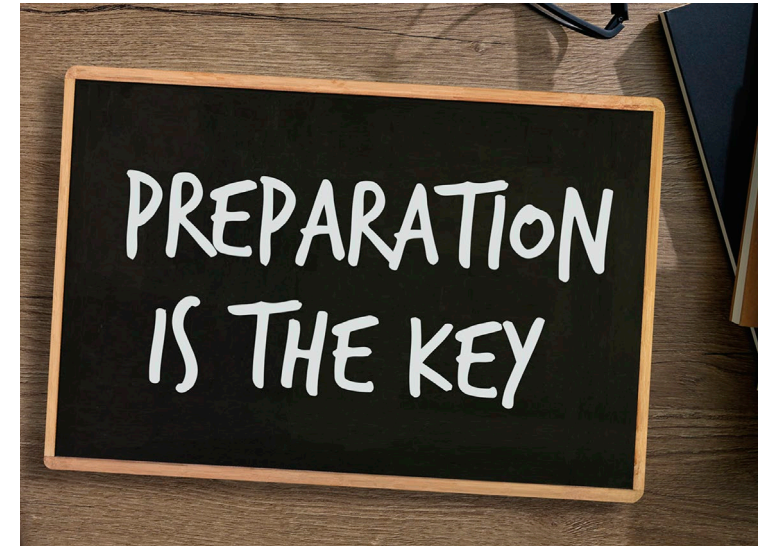




# Audit Preparedness

Being prepared for audit findings is essential for organizations to address issues effectively and efficiently.

- Pre-Audit Preparation
- During the Audit
- Post-Audit Actions
- Best Practices
  - Establish a culture of accountability and transparency
  - Regularly monitor internal control and compliance procedures
  - Communicate audit findings and action plans to stakeholders
- Benefits of Preparedness
  - Timely Resolution of issues
  - Enhanced efficiency and effectiveness of operations
  - Improved stakeholder confidence and relationships





# Audit Findings & You

*Did you know a common audit finding involves Internal Controls?*

No one wants an audit finding. When you get one, take time to review the finding thoroughly.

Below are tips to make remediating an audit finding easier:

- Respond to an audit finding promptly.
- Review your Internal Controls to identify areas of weakness or noncompliance.
- Use the audit finding as an opportunity to improve your processes and seal any gaps to prevent fraud.





# Technical Assistance & Education

The world of grants is a very dynamic and ever-changing landscape.

To help you make your grant journey easier, consider exploring OFA's most popular services:

- Technical Assistance Opportunities
- Continuing Educational Opportunities
- Grant Review
- Grant Monitoring Guidance





# Technical Assistance

OFA offers free technical assistance to all stakeholders.

We answer questions about grants during all phases of the grant lifecycle.

Technical assistance includes (but not limited to):

- Grant Discovery
- Grant Writing Mentorship & Review
- Grant Management & Monitoring

The Office of Federal Assistance is your technical assistance resource for federal grant related needs.

- Email us at [grants@ofa.nv.gov](mailto:grants@ofa.nv.gov)
- Call us at (775) 684-0156





# Educational Resources

- OFA's Video Library & Monthly Webinars
- OFA's topic specific webpages [ofa.nv.gov] including the IIJA Hub, grant resources, grant matching program, data resources, FAQs & more.
- Nevada's Federal Grant Search Tool's Consortiums
  - Where grant professionals from across the state meet to brainstorm solutions to existing problems, network and collaborate on grants together
  - Current Consortiums: (Work Force Development & K-12 Education)
  - Must be a user to attend.
- Grant Education
  - National Grant Management Association
  - Grantsmanship Center
  - Grants.gov







# OFA Services



- [Notice of Funding Opportunity and Database](#)
- [Weekly Grant Opportunities](#) – Every Friday
- [Grant Training Video Library](#)
- [Nevada's Grant Matching Program](#)
- [Free Technical Assistance](#)
- Sign up for the [OFA Newsletter](#) so you don't miss anything!





# Don't Forget



## Single Point of Contact and the Intergovernmental Review

- SPoC
- OFA is the Designated Single Point of Contact
- Presidential Executive Order 12372
- Coordinate in-state grant applications
- Foster intergovernmental relationships





# Upcoming June Training



Next Training in the Post Award Management Series:

Subrecipient Monitoring and Management  
June 26th at 10 am.

[Sign up now.](#)







# Time for Questions





# Post Award Risk Management & Mitigation Strategies Training Survey

