

FINANCIAL ASSISTANCE LINE OF BUSINESS INTEGRATION AND MANAGEMENT

I. Purpose

This Directive establishes the Department of Homeland Security's (DHS) policy regarding the development of a Financial Assistance (FA) Line of Business (LOB), including the creation of a Chief Financial Assistance Officer (CFAO).

II. Scope

This Directive applies throughout DHS with the exception of the Office of Inspector General.

III. Authorities

- A. Title 2, Code of Federal Regulations (C.F.R.), *Grants and Agreements*
- B. 2 C.F.R., Part 215, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*
- C. 2 C.F.R., Part 220, *Cost Principles for Educational Institutions*
- D. 2 C.F.R., Part 225, *Cost Principles for State, Local, and Indian Tribal Governments*
- E. 2 C.F.R. Part 230, *Cost Principles for Non-Profit Organizations*
- F. 6 United States Code (U.S.C.), Section 341, "Under Secretary for Management"
- G. 31 U.S.C. § 6301, "Using Procurement Contracts and Grants and Cooperative Agreements"
- H. DHS Delegation 0201.1, *Delegation to the Under Secretary for Management*

- I. DHS Delegation 01000, *Delegation to the Chief Financial Officer of Financial Assistance Policy and Oversight*
- J. *DHS Delegation to the Director, Division of Financial Assistance Policy and Oversight*
- K. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*
- L. Public Law (Pub. L.) 107-296, *Homeland Security Act of 2002*

IV. Responsibilities

A. **Components** administering FA programs ensure applicant and recipient adherence to all financial and administrative requirements regarding the use of funds, monitoring all awards using a DHS standard risk model with high risk indicators by lifecycle phase, and taking prompt action to remediate high risk situations. Components ensure qualified technical/programmatic and financial/administrative experts are employed by the Federal government to carry out inherently governmental functions. The term “Components” means relevant sub-agencies charged with FA program administration such as the Grants and Financial Assistance Division of the Office of Procurement Operations.

B. **The Office of the Chief Financial Officer (CFO), CFAO/Division of Financial Assistance Policy and Oversight (FAPO)**, per existing delegations, ensures the DHS FA LOB carries out all responsibilities set forth in this Directive. FAPO ensures effective coordination on FA issues/challenges with Components involved headquarters offices, and with parties external to DHS OCFO, including the Office of Management and Budget (OMB), the Office of Inspector General, and other external parties as appropriate.

FAPO coordinates the development of DHS-wide policy, technical assistance, and oversight to assist Component compliance with FA requirements, including participating in the FA Information Technology (FAIT) Executive Steering Committee (ESC). FAPO administers the DHS-wide Certification and Warranting program, relying heavily on FA Component input and appropriate delegations to them for related activities.

C. **DHS-wide FA Governance Structure:** The implementation of this new LOB requires the establishment of a corresponding governance infrastructure which is set out in detail in the FA LOB Instruction, DHS Instruction Number 128-01-001.

V. Policy and Requirements

A. Policy: DHS established the Financial Assistance Policy and Oversight (FAPO) office within the OCFO to ensure that federal assistance dollars are used in accordance with congressional intent, DHS missions, priorities, laws, regulations, and policies. To ensure standardization and streamlined processes DHS has adopted a FA Program Lifecycle model with four primary phases: pre-award, award, post-award administration, and award closeout, with an emphasis on the establishment of streamlined and standardized business processes and templates. At present, the model has been built out for programs administered through grants and cooperative agreements; significant work remains to capture similar information for direct payments, insurance, and loan programs. Core LOB areas include:

1. The creation of a Council of Chief Executives for FA Activities (CCEFAA), members of which are currently known as the designated Senior Accountable Officials. The CFO convenes the Council to examine high level FA policy issues which intersect other DHS lines of business issues. It also reviews the work product/deliverables of the Council of Heads of Financial Assistance Activity (CHFAA) for final approval, and works with the CHFAA to identify areas requiring greater coordination and collaboration between technical/programmatic and financial/administrative DHS FA staff. The Council also identifies areas where Component FA efforts should better integrate into the efforts of the governing structure for the DHS FA LOB.
2. The CHFAA is composed of the most senior FA subject matter experts. The CHFAA includes standing and ad hoc working groups, convened by CFAO/FAPO to develop and review DHS-wide policies, processes, and templates. It also develops and reviews program performance metrics that link to DHS missions and priorities; minimizes administrative burdens; and develops high-risk indicators used as the basis for risk-based post-award administration.
3. CFAO/FAPO reviews of Component documents of record and processes throughout the FA Program Lifecycle. This includes Funding Opportunity Announcements and their facilitation with other reviewing governmental partners; reporting data to government-wide databases as required by OMB; tracking resolution of audit findings; and oversight reviews of Component financial and programmatic monitoring to ensure compliance with all FA LOB requirements.
4. CFAO/FAPO supports DHS senior leadership regarding any aspect of the DHS FA LOB, as requested, including, but not limited to, development of DHS-wide policies, distribution of Grant Alerts for actions that require immediate attention, and development of a certification and warranting program for DHS FA.

B. Requirements: All DHS Financial Assistance programs adhere to applicable DHS FA policy, in addition to applicable law, executive orders, regulations, and

circulars. FAPO coordinates the development, review, and publication of FA policy in Chapter 6 of the Financial Management Policy Manual found on the CFO website. All DHS FA programs adhere to any final work products and/or deliverables approved by the CCEFAA in conjunction, where appropriate, with the CHFAA and distributed by CFAO/FAPO through high priority Grant Alerts which require immediate action by DHS awarding offices. Grant Alerts are also maintained on the FAPO intranet site for easy access.

VI. Questions

Address any questions or concerns regarding this Directive to the Director, Financial Assistance Policy and Oversight via dataquality@dhs.gov.



Rafael Borrás
Under Secretary for Management



Date