

## Improving the Management of Federal Grant Programs

The Improving Financial Performance initiative is not only about achieving clean audits, eliminating material weaknesses, and meeting financial reporting deadlines. The initiative also requires Federal agencies to use financial information to make operations more efficient and programs more effective. One area that typifies the Administration's commitment to these objectives is the ongoing improvements being made to the management of Federal grant programs.

Over \$400 billion are awarded annually through over 1,000 grant programs offered by the Federal government. These monies are awarded to all types of grant recipients including States, local governments, over 60,000 non-profit organizations, for programs that benefit and improve the lives of all Americans. Working with Congress, the Administration has established a series of initiatives that complement and support the objectives of the PMA by ensuring that grants:

- Are simplified and easier to understand,
- Are easier to find and apply for,
- Perform better, and
- Provide more accurate and timely grants data and increase transparency.

The first initiative began in 1999, when Congress passed the Federal Financial Assistance Management Improvement Act, also known as [Public Law 106-107](#). The Act required grant-making agencies to (1) improve the effectiveness and performance of Federal financial assistance programs, (2) simplify Federal financial assistance application and reporting requirements, (3) improve the delivery of services to the public, and (4) facilitate greater coordination among those responsible for delivering services.

Results of Public Law 106-107 include a standard grants announcement template, so that there is uniform presentation of information across grantor agencies. A single Dun and Bradstreet Universal Numbering System (DUNS) number was created for all grantees so that data could be securely tracked by recipient. The debarment and suspension regulations governing grants were re-written into "plain language" and co-located with other Federal grants regulations to make it easier for grantees to find, understand and follow grant requirements. The Cost Principles were re-written to ensure consistency across the three sets and the audit threshold was raised from \$300,000 to \$500,000 in an effort to reduce burden and streamline the process for audited grants. The Federal Government has reduced the total number of grants payment systems from over 20 to just 7, which reduces the number of redundant process and system maintenance costs. Grantees can also more easily find information on Federal financial assistance in one place online, at the [Catalog of Federal Domestic Assistance](#).

There is more streamlining work to be done. Standardized financial, progress and performance, property and inventions reports are nearly complete. Further improvements to the Office of Management and Budget guidance are underway.

The second initiative, [Grants.gov](http://Grants.gov), found its origins in Public Law 106-107. At Grants.gov, the public can now search for virtually all discretionary grants. Almost three quarters of these grants may be applied for online. The ability to find and apply online for grants has been a remarkable success. Standard grants data elements and forms continue to be developed across the government to simplify and improve the grantees' application process. System-to system connections between Grants.gov and the Federal Agencies have improved application transmission times and grants data quality by replacing manual processes.

The third initiative, the Grants Management Line of Business (GMLoB), complements Grants.gov. Whereas Grants.gov represents the initial phases or the "front-end" of the grants management life cycle, the GMLoB represents the remainder of the life cycle, or "back-end." The GMLoB concept was developed through interagency collaboration to handle all aspects of a grant from the award of funds to the grant's closeout. It is based on a consortium model where all grant-making Agencies will migrate to one of the consortia leads. The Department of Education, Health and Human Services and the National Science Foundation have been identified as consortia leads; the second round of selecting consortia leads is well underway. Grantees can look forward to greater standardization in performance and financial reporting. Grantors will have access to more accurate and timely financial information.

The Federal Financial Accountability and Transparency Act of 2006 is the fourth initiative. This act requires that by January 8, 2007, data on grant and contract awards be freely available to the public through a central, searchable website. The website will provide the capability to search for information on grantees and contractors (including subrecipients and subcontractors), geographic location of recipients and award amount received within 30 days of award. In an era when Federal financial assistance makes up approximately 20% of the Federal budget, improved financial management of grants is crucial. Today, grants can be found and applied for online. The regulations governing these grants are easier to find and understand. Grants will be managed in a more standardized fashion throughout the life cycle and more comprehensive information will be available to the public. These efforts yield more accurate and timely grant financial information and provide decision makers with the data to be better stewards of the public's money.

Important work has been done and more remains, but the Federal government is making important and timely strides in improving the management and operations of Federal Grant programs. The Federal grants community has embraced the key principles of the President's Management Agenda by initiating reforms that will result in increased transparency of financial results and efficiency of operations. In the end, the taxpayers and the grantee community are reaping the benefits.