

## CHAPTER 5. GRANTS MANAGEMENT

**GOAL:** *Administer the Department's grant programs to ensure compliance with federal regulations and good management practices.*

The Department awards over \$3 billion each year in funding for grants, cooperative agreements, and Indian self-governance compacts to state and local governments, Indian tribes, colleges and universities, and other non-profit organizations. The administrative standards, cost principles for determining allowable and unallowable expenditures of federal dollars, and the requirements for auditing non-federal parties' management of federal dollars for these awards are based on OMB Circulars, implementing regulations, Departmental Manual issuances, and specific statutory provisions.

The Department implements these requirements through a broad regulation at 43 CFR Part 12, Subpart A. This regulation states the applicability of the OMB Circulars to all financial assistance awards and subawards in the form of grants and cooperative agreements made by the Department. In addition, the regulation provides that the circulars published in the Federal Register are made a part of the regulation including changes published in the Federal Register by OMB. By adopting the policies included in these Circulars, the Department ensures that the awards are administered in accordance with governmentwide standards in a consistent manner. The Department continues to implement any policy changes in the administration of awards made as required by revisions made to OMB Circulars as well as statutory provisions.

The Department joined in the publication of the governmentwide grants management common rule that specifies uniform administrative requirements for state and local grantees, published a regulation implementing the administrative requirements for non-governmental entities (OMB Circular A-110), and joined in the publication of an implementing regulation for OMB Circular A-133. The Departmental Manual includes corresponding departmental issuances implementing OMB Circulars A-102 and A-110.

As part of governmentwide rulemaking, the Department joined in the publication of regulations implementing lobbying restrictions, drug-free workplace requirements, and non-procurement debarment and suspension. In addition, the Department has published regulations implementing Buy American requirements for financial assistance. These requirements have been included in the Department's appropriations acts.

The Department participates in several governmentwide Federal Financial Assistance Management Improvement Act of 1999 (Public Law 106-107) interagency workgroups, such as the Inter-Agency Electronic Grants Committee (IAEGC) and several of its subcommittees, including the State, Local, Non-profit and Other Subcommittee, and the Pre-Award Workgroup. Public Law 106-107 requires federal agencies to work with OMB toward:

- Improving the effectiveness and performance of federal financial assistance programs;
- Simplifying federal financial assistance application and reporting requirements;
- Improving the delivery of services to the public; and
- Facilitating greater coordination among those responsible for delivering such services.

The interagency workgroups contribute to, and often make, policy recommendations to OMB.

Active participation in several inter-agency forums, such as the E-Grants stakeholder meetings, Grants Network meetings (an informal group of grants managers from several grant-making agencies), and the National Grants Management Association (NGMA), allows Interior to stay informed and find additional opportunities to ensure policy consistency across grant programs.

The Department is currently working on a grants management training program with the Department of the Interior University. Presently, the bureaus and offices that administer grants determine training needs. Standardized training will provide an additional forum to distribute policy, aiding in policy consistency.

A departmental Communications/Best Practices Team has been created. By improving communication and sharing best practices, Interior will improve the consistent use of policy with its federal financial assistance programs. The decentralized organization of Interior makes this a very important and challenging task.

### ***Review of Program-Specific Requirements to Ensure Consistent Treatment of Grantees***

To provide consistent treatment of grantees with program-specific requirements (e.g., application forms, financial reports, and award conditions), the Interior Federal Assistance Working Group (IFAWG), has reorganized to ensure appropriate representation throughout the Department, and established a Streamlining/Standardizing Team. This team will review program requirements and explore ways to unify and simplify similar programs. Governmentwide streamlining efforts will be incorporated into the team's products in order to ensure consistent treatment of grantees.

### ***Agency Efforts to Coordinate Policies and Practices with Other Agencies***

As indicated above, the Department of the Interior is represented and actively participates in several governmentwide Public Law 106-107 interagency workgroups.

Also, active participation in inter-agency forums, e.g., E-grants stakeholder, Grants Network meetings, and NGMA meetings, allows Interior to stay informed and find additional opportunities to ensure policy consistency across grant programs.

The Department is exploring best practices within Interior and with other agencies to improve coordination of policies and practices. For example, Interior has been given the responsibility of managing the effects of wildland fire on our Nation's communities. Four bureaus within DOI, the Bureau of Land Management, Bureau of Indian Affairs, Fish and Wildlife Service, and National Park Service, formed the Interagency DOI Rural Fire Assistance Coordination Group and meet to discuss issues regarding the Rural Fire Assistance Program. The group has completed a model cooperative agreement, with the input of the U.S. Forest Service, so that recipients will be asked similar questions, regardless of the bureau. The group, with the assistance of the Office of the Secretary, is developing intra-agency handbooks for Rural Fire Assistance and Community Assistance, updating the program announcements, and streamlining the application process. The group is currently working with the Federal Emergency Management Agency (FEMA) to improve coordination and delivery of services to recipients. The knowledge gained from this group will be used departmentwide to learn new ways to improve coordination among those responsible for administering federal financial assistance.

***Recommendations for Changes in Law to Improve the Effectiveness, Performance, Coordination, and Accountability of Grant Programs, including Program-Specific Statutes***

After the Streamlining Team reviews various grant programs in detail, departmental recommendations will be made for changes in law to improve the effectiveness, performance, coordination, and accountability of grant programs. The Department will continue to address governmentwide issues through applicable interagency workgroups.

***Ensure the Quality of Audits Performed by Non-Federal Auditors in Accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133***

During FY 2002, the Office of Inspector General (OIG) completed desk reviews on more than 400 single audit reports. The reviews are performed to ensure that the reports meet the reporting requirements of the Single Audit Act of 1984 and OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations."

To ensure compliance with OMB Circular A-11, the OIG performed quality control reviews on six non-federal audits during the fiscal year. The six audits reviewed covered fiscal years 1999 and 2000 and federal funds totaling about \$226 million. In conducting these reviews, the OIG applied guidance established by the President's Council on Integrity and Efficiency (PCIE) to (1) ensure that the audits were conducted in accordance with applicable standards and met the Single Audit Act's requirements; (2) identify deficiencies or weaknesses in the accounting practices of report preparers and, if so, to perform follow-up audit work; and (3) identify issues that might require management attention. The OIG also applied PCIE guidance in evaluating working papers. Overall, the OIG concluded that all of the audits reviewed complied with the Single Audit Act requirements. In future years, the OIG plans to complete 12 quality control reviews each fiscal year.

### ***Participation and Efforts in the E-Grants Area***

Interior is active in several E-Grants initiatives, including the Inter-Agency Electronic Grants Committee (IAEGC) and the E-Grants Technology Demonstration Review Team, which is identifying the functions needed in a standard electronic grants system. The results of the E-grants Technology Demonstration Review Team will assist the E-grants project office to complete the statement of work for the E-grants portal, scheduled for issuance in 2002. Participating on the E-Grants Technology Demonstration Review Team also provides a venue for the Department to learn best practices from vendors and other agencies, which assists in preparing to make decisions about a technology solution for Interior. Participation in inter-agency meetings also allows Interior to stay informed and find additional opportunities to participate in E-grants initiatives.

The Financial Management System Migration Project (FMSMP) is a proposed departmentwide electronic system. The FMSMP proposes to reduce current stovepipe systems by providing a central financial management system with other business components, including a grants management system. Because the E-Grants management system will interface with a central system, the information will only be entered once, reducing errors and burdens for both the recipient and the agency. Comments from recipients have indicated they want to provide information to an agency once, and this system will provide a means for Interior to honor that request. The information and time made available from this system will allow the Department to provide more resources toward managing its grants, which will assist in improving the effectiveness and performance of federal financial assistance programs.

The Department of the Interior has also been reviewing available electronic systems, including internal systems, other agency systems, and commercial-off-the-shelf (COTS) systems. Interior representatives have met with several vendors and agencies to learn best practices and develop requirements.

### ***FY 2002 Accomplishments***

- Continued to participate in governmentwide streamlining/standardizing initiatives;
- Continued development of an Intra-Agency electronic grants management system through the FMSMP;
- Established an IFAWG Streamlining/Standardizing Team;
- Established an IFAWG Staff Development Team;
- Established an IFAWG Communication/Best Practices Team;
- Reviewed COTS financial assistance application and management products;
- Reviewed options to connect to the E-Grants Portal (ongoing); and
- Gained best practices from vendors and other agencies.

***FY 2003 Planned Activities***

- Continue to participate in governmentwide streamlining/standardizing initiatives;
- Continue to participate on the E-Grants Demonstration Evaluation Team;
- Establish a baseline of current practices;
- Establish performance measures for the P.L. 106-107 initiative;
- Determine and implement methods to connect to the E-Grants Portal; and
- Share best practices at DOI Assistance Conference tentatively scheduled for April 2003.