

1,000 to 500. This revision will allow Federal agencies to provide more focused attention where there is the greatest risk in terms of Federal awards expended, but still provide each non-Federal entity with an assigned oversight agency for audit from which to request technical advice. The revision also changes the base years for determining cognizant agency for audit assignments. (Currently, the cognizant agency for audit determination is based on the amount of Federal funding in the year immediately preceding each five-year audit cognizant period. This revision changes the base year to the second year preceding the five-year audit cognizant period to allow sufficient time to make cognizant agency for audit determinations before the start of the audit cognizance period.) Finally, the revision changes the definition of oversight agency for audit to permit Federal agencies to make reassignments.

#### Response to Comments

OMB received 43 comment letters: Eight from Federal agencies, seven from State governments, four from universities, five from non-profit organizations, 14 from certified public accountants, and five from individuals. Nearly all comments focused on raising the audit threshold: 28 were in favor and 10 opposed. Of the 10 that were opposed to raising the audit threshold, two were from Federal agencies; two were from one State; one from a university; and five from individuals. Opposition centered on concerns over specific programs and the perceived lack of accountability over Federal funds that would fall below the new threshold. On the other hand, several commenters suggested raising the threshold to \$1 million to further alleviate the burden on non-Federal entities expending smaller amounts of Federal funds. OMB believes that, because the revisions only exempt an additional one-half of one percent of Federal dollars expended from audit while providing administrative relief to approximately 6,000 entities, the risk to Federal funds does not outweigh the benefits to grant recipients. OMB, however, appreciates the comments about reduced accountability and concerns expressed by several commenters that raising the audit threshold could provide more opportunities for fraud.

It is important to note that Circular A-133 audit is only one of many monitoring tools available to oversee the administration of and strengthen accountability over Federal grants. Grantee monitoring should occur

throughout the year rather than relying solely on a once-a-year audit. Monitoring activities may take various forms; however, a first monitoring tool should be identifying to the grantee the Federal award information (e.g., Catalog of Federal Domestic Assistance (CFDA) title and number, award name, name of Federal agency) and applicable compliance requirements. Other monitoring tools include reviewing grantee financial and performance reports, performing site visits to review financial and programmatic records and observe operations, and arranging for agreed-upon procedures engagements for certain aspects of grantee activities, such as described in § .230(b)(2) of Circular A-133. Factors such as the size of awards, the complexity of the compliance requirements, and risk of grantee non-compliance as assessed by the grantor may influence the nature and extent of monitoring procedures. Federal laws or regulations may impose monitoring requirements specific to a Federal program. The 2003 OMB Circular A-133 Compliance Supplement clarifies the guidance to auditors related to subrecipient monitoring.

It should also be noted that the Federal Government has the authority to audit and/or investigate any entity suspected of using Federal funds improperly, regardless of the amount of funds involved. Allegations of fraud should be directed to the Federal awarding agency's Office of Inspector General fraud hotline phone numbers which are available on the Internet at <http://www.ignet.gov>.

Nine comments addressed the increase from \$25 million to \$50 million of the threshold for cognizant agency for audit. Seven commenters (two Federal and five non-Federal) supported the increase and two Federal agencies opposed. One concern was that the reduction in the number of cognizant agency for audit assignments would reduce Federal agency monitoring of audit quality. OMB is actively working with Federal agencies to strengthen quality control reviews of audits by selecting a statistical sample of single audits to measure audit quality across Federal programs. This work is expected to improve our ability to measure and improve audit quality.

Four comments concerned the technical changes. One Federal agency (which opposed all of the proposed revisions to Circular A-133) expressed concern about accountability over Federal funds. As noted above, OMB believes that the revisions to Circular A-133 provide an appropriate balance between administrative relief and the risk to Federal funds.

#### Availability of Revised Circular

OMB has prepared an updated version of Circular A-133, as amended herein. It is available electronically on the OMB Home Page at <http://www.omb.gov> and then select "Grants Management" followed by "Circulars."

Dated: June 23, 2003.

**Augustine T. Smythe,**  
*Acting Director.*

1. OMB hereby amends Circular A-133 by replacing \$300,000 with \$500,000 in the following sections: § .200(a); § .200(b); § .200(d); § .230(b)(2); and § .400(d)(4).

2. OMB hereby amends Circular A-133 by replacing \$25 million with \$50 million in section § .400(a), first sentence.

3. OMB hereby amends Circular A-133 by replacing section § .400(a), third, fourth, and fifth (parenthetical) sentences with the following: § .400 Responsibilities.

(a) \* \* \* The determination of the predominant amount of direct funding shall be based upon direct Federal awards expended in the recipient's fiscal years ending in 2004, 2009, 2014, and every fifth year thereafter. For example, audit cognizance for periods ending in 2006 through 2010 will be determined based on Federal awards expended in 2004. (However, for 2001 through 2005, the cognizant agency for audit is determined based on the predominant amount of direct Federal awards expended in the recipient's fiscal year ending in 2000).

\* \* \* \* \*

4. OMB hereby amends Circular A-133, section § .105, by adding at the end of the definition of oversight agency for audit: "A Federal agency with oversight for an auditee may reassign oversight to another Federal agency which provides substantial funding and agrees to be the oversight agency for audit. Within 30 days after any reassignment, both the old and the new oversight agency for audit shall notify the auditee, and, if known, the auditor of the reassignment."

[FR Doc. 03-16355 Filed 6-26-03; 8:45 am]

BILLING CODE 3110-01-P

#### OFFICE OF MANAGEMENT AND BUDGET

##### Use of a Universal Identifier by Grant Applicants

**AGENCY:** Office of Management and Budget.

**ACTION:** Notice of final policy issuance.

**SUMMARY:** The Office of Management and Budget (OMB) is issuing a policy directive to implement the requirement for grant applicants to provide a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number when applying for Federal grants or cooperative agreements on or after October 1, 2003.

OMB has determined that there is a need for improved statistical reporting of Federal grants and cooperative agreements. Use of the DUNS number government-wide will provide a means to identify entities receiving those awards and their business relationships. The identifier will be used for tracking purposes, and to validate address and point of contact information. The DUNS number already is in use by the Federal government generally to identify entities receiving Federal contracts and by some agencies in their grant and cooperative agreement processes. Among existing numbering systems, the DUNS is the only one that provides the Federal government the ability to determine hierarchical and family-tree data for related organizations.

The DUNS number will be required whether an applicant is submitting a paper application or using the government-wide electronic portal (Grants.gov). By using the Grants.gov portal, entities will be able to store in a central repository organizational information that does not change from application to application. The DUNS number will be one of those stored elements.

The DUNS number will supplement other identifiers required by statute or regulation, such as tax identification numbers. It is our intent over time to use the DUNS number throughout the grants life cycle.

Organizations should verify that they have a DUNS number or take the steps needed to obtain one as soon as possible if there is a possibility that they will be applying for Federal grants or cooperative agreements on or after October 1, 2003. Organizations can receive a DUNS number at no cost by calling the dedicated toll-free DUNS Number request line at 1-866-705-5711. Individuals who would personally receive a grant or cooperative agreement award from the Federal government apart from any business or non-profit organization they may operate are exempt from this requirement.

**DATES:** A DUNS number must be included in every application for a new award or renewal of an award, including applications or plans under mandatory grant programs, submitted on or after October 1, 2003.

**FOR FURTHER INFORMATION CONTACT:** Sandra R. Swab, Office of Federal Financial Management, Office of Management and Budget, 725 17th Street, NW., Washington, DC 20503; telephone 202-395-5642; or e-mail [sswab@omb.eop.gov](mailto:sswab@omb.eop.gov).

#### **SUPPLEMENTARY INFORMATION**

##### **A. Background**

In a **Federal Register** notice [67 FR 66177] published on October 30, 2002, the Office of Management and Budget (OMB) proposed to establish the DUNS number as the universal identifier for Federal grant and cooperative agreement applicants. The OMB notice also included a proposed policy to establish this policy as a government-wide requirement. We received comments from 37 separate entities: 3 universities; 12 State/local governments; 7 non-profit organizations; 9 Federal agencies; 5 associations, and a for-profit business. We considered all comments in developing the final policy. Comments generally were in support of the concept of the Universal Identifier although there were concerns about the use of the DUNS number and the impact on certain types of recipients. These concerns are addressed in the responses below. Other comments which were outside the scope of this proposal, will be separately considered by the Grants.gov Program Management Office or the Public Law 106-107 working groups, as appropriate.

The following paragraphs summarize the major comments and our responses. For simplicity, the term "grant" used in the following section also means "cooperative agreement".

##### **B. Comments and Responses**

###### *Comments on Applicability*

*Comment:* Four commenters questioned whether the requirement to obtain a DUNS number should be applied to individuals. They urged that individuals that apply for grants directly from the Federal government be exempted from the requirement to obtain a DUNS number in order to apply.

*Response:* Agree. We clarified the policy directive to indicate that individuals who would personally receive a grant or cooperative agreement award from the Federal government, apart from any business or non-profit organization they may operate, are not required to provide a DUNS number in order to apply for or conduct subsequent business with the Federal government under a grant. Individuals may continue to apply under programs

for which they are eligible applicants without providing a DUNS number.

*Comment:* Ten commenters indicated that applying the DUNS number requirement to subrecipients would create difficulty and perhaps delay primary applicants in preparing their funding requests.

*Response:* Agree. The final policy directive indicates that applicants are not required to submit DUNS numbers for entities with which they may enter into subawards. Only the primary applicant, *i.e.*, the entity that makes application to the Federal government, including State, local, and Tribal governments, and other entities receiving block or other mandatory grants, will need a DUNS number at time of application.

*Comment:* Five commenters recommended that non-U.S. recipients be excluded from the DUNS number requirement since it would be difficult for many foreign organizations to obtain the number.

*Response:* Disagree. Foreign applicant organizations which are able to apply for a grant and meet the normal terms and conditions, including reporting requirements should be able to apply for and receive a DUNS number.

###### *Comments on Numbering System/Alternate Process*

*Comment:* Fourteen commenters recommended that the Federal Employer Identification Number (EIN) be considered for the universal identifier instead of the DUNS because it is already widely used during the Federal government's administrative processing of grants, or that an entirely new numbering system be designed.

*Response:* Disagree. Although other numbering systems currently are in use (and will continue), none is adequate to identify family tree relationships or can provide the access and validation capabilities offered by the DUNS. Many potential applicants already possess DUNS numbers. Further, the cost of developing and maintaining another numbering system for grantees would not be justified.

*Comment:* One commenter recommended we use the Social Security Number (SSN) as the universal identifier. The commenter suggested that the DUNS number be used only for organizations, or other entities for which a SSN would not be appropriate.

*Response:* Agree with the substance of the comment. We have exempted individuals who would personally receive a grant or cooperative agreement award from the Federal government apart from any business or non-profit

organization they may operate from the policy directive's applicability.

*Comment:* Two commenters appeared to misinterpret our proposal for a universal identifier and assumed that our intent was to have the DUNS number replace all other identifiers. One commenter also suggested that the multiple grant identifiers currently in use by various Federal agencies should be replaced by DUNS, and the DUNS should be used consistently throughout the grant life cycle to complement grant award numbers.

*Response:* Agree. The final policy directive clearly states the purpose of the DUNS and the continued existence of other numbering systems. It also is our intent over time to use the DUNS number in other parts of the grants life cycle, replacing other numbers if possible.

#### *Comments on Implementation*

*Comment:* Six commenters expressed concern regarding the burden required in obtaining a DUNS number for those organizations that do not currently have one, with one noting a particular burden for small and community and faith-based organizations.

*Response:* Disagree. OMB has determined that obtaining a DUNS number is not a significant burden under the Paperwork Reduction Act. There should be minimal burden on applicants. Obtaining a DUNS number is a one-time activity. With use of the toll-free request line, there will be an immediate DUNS number assignment at no charge to the requestor.

*Comment:* Nine commenters requested guidance for entities that have multiple DUNS numbers. They were particularly concerned that large organizations with multiple DUNS numbers may not use the appropriate DUNS number when applying, which would result in inaccurate tracking. They also questioned whether Federal agencies will be responsible for verifying that applicants are using valid DUNS numbers.

*Response:* Agree in part. Dun and Bradstreet (D&B) will work with an applicant to understand or change their numbers, however each organization is responsible for controlling its own DUNS hierarchy. D&B recommends a single point of contact for each entity. The DUNS will not affect the ability of the entity to structure its organizational delegations and authorities for submitting applications. A central Federal repository [currently named the Business Partner Network (BPN), formerly the Central Contractor Registry (CCR)], rather than individual Federal agencies, will be responsible for

performing periodic verification of DUNS numbers.

*Comment:* Four commenters suggested that the universal identifier might enhance the ability of State governments to track recipients of Federal funds within their States. These commenters also requested clarification of whether payment processes will be affected, for example, if the DUNS number would be required as part of each request to draw down Federal funds.

*Response:* No change. OMB is working to ensure that, for applications subject to the DUNS number requirements, Federal grant financial reporting, payment, and audit requirements are modified to also incorporate use of the DUNS number. It is OMB's intent to expand use of the DUNS number throughout the entire grants life-cycle.

#### *Comments on Education/Outreach*

*Comment:* Three commenters strongly recommended that applicants be notified up front through both paper and electronic means of the need to apply for a DUNS number before submitting a grant application and/or verify their organization's DUNS number. In addition, they suggested that applicants should know in advance what information they would be asked to provide.

*Response:* Agree. Guidance on how to obtain a DUNS number, verify whether an entity already has a DUNS number, and obtain copies of the organization family-tree will be provided at the Grants.gov portal. Links to this guidance will be included on Federal web sites, and it will be used in outreach and other education efforts.

*Comment:* Three commenters asked for information concerning how the Federal government will conduct outreach on the new policy within the various grant communities. In particular, they asked whose responsibility it is to inform the public. They suggested that OMB work with technical assistance providers that currently provide services to nonprofits on the outreach and educational efforts.

*Response:* Agree. Federal agencies will be responsible for notifying their respective applicant/recipient communities of the change. A link to the guidance on how to obtain a DUNS number will be available from Federal web sites. In addition, we will work with associations representing various constituencies for their assistance in "getting the word out."

Dated: June 23, 2003.

**Linda M. Springer,**  
*Controller.*

#### **To the Heads of Executive Departments and Agencies**

*Subject:* Requirement for a DUNS Number in Applications for Federal Grants and Cooperative Agreements.

1. *Purpose.* This policy directive establishes the requirement that applications for Federal grants or cooperative agreements include a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number.

2. *Authority.* This policy directive is part of the implementation of the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L. 106-107). This policy is also designed to further implement the E-Grants.gov initiative, one of the 24 electronic government (E-Gov) initiatives under the President's Management Agenda.

3. *Background.* Public Law 106-107 requires the Office of Management and Budget (OMB) to direct, coordinate, and assist Executive Branch departments and agencies in establishing an interagency process to streamline and simplify Federal financial assistance procedures for non-Federal entities. It also requires executive agencies to allow applicants to electronically apply for, and report on the use of, funds from the Federal financial assistance programs administered by the agency.

Under the E-Grants.gov initiative, the Federal agencies are in the process of developing an electronic grant application system using standard core data elements. The DUNS number is one of those data elements. It will be used to link to fixed applicant data, such as name and address fields, maintained in a central Federal registration repository. This will allow the data to automatically populate corresponding fields in the electronic application. Applicants will not have to re-enter this information on each electronic application they submit. The DUNS number requirement is also applicable to paper applications because of planned reporting requirements.

#### 4. *Policy.*

a. *Applicability.* This policy applies to all types of entities applying for Federal grants or cooperative agreements under discretionary and mandatory grant programs or activities except:

- i. Individuals who would personally receive a grant or cooperative agreement award from the Federal government apart from any business or non-profit organization they may operate.
- ii. Any applicant that receives an exemption, or an applicant under a

program that receives an exemption (see paragraph c. below).

For purposes of this policy, the applicant is the entity that meets the agency's or program's eligibility criteria and has the legal authority to apply. For example, a consortium formed to apply for a grant or cooperative agreement must obtain a DUNS number for that consortium. If a consortium is eligible, and the agency's policy is to make the award to a lead entity for the consortium, the DUNS number of the lead entity will be used.

b. *Effect.* Every application for a new award or renewal of an award, including applications or plans under mandatory grant programs, submitted on or after October 1, 2003 must include a DUNS number for the applicant. Unless an exemption is granted, an application will not be considered complete until a valid DUNS number is provided by the applicant.

For Federal purposes, the applicant is not required at this time to submit DUNS numbers for entities with which it may enter into subawards.

The DUNS number does not replace existing numbers, such as the Employer Identification Number (EIN), the Tax Identification Number (TIN), and State Application Identifier (SAI) numbers that are required by statute, Executive Order, or regulation.

c. *Exemptions.* Agencies may not grant exemptions from this policy. Requests for exemptions must be directed to OMB.

5. *Agency Responsibilities.* Agencies that award grants or cooperative agreements shall:

a. Issue any needed implementing direction to component offices to meet the requirements of this policy directive.

b. Provide outreach and education appropriate to their applicant communities regarding the requirement for a DUNS number. Agencies should encourage entities that anticipate applying for Federal grants or cooperative agreements to obtain a DUNS number in advance of a specific application. Agencies should inform entities that it is their responsibility to obtain a DUNS number.

c. Include this requirement in all funding opportunity announcements issued on or after the effective date of this policy directive with application due dates or acceptance dates on or after October 1, 2003. For all other funding opportunity announcements with due dates or acceptance dates on or after October 1, 2003, agencies must amend their announcements or take other appropriate measures to inform potential applicants of this requirement.

These requirements apply equally to other types of notifications if funding opportunity announcements are not used.

d. Revise their grant and cooperative agreement applications and plans to include a DUNS number. OMB approval is not required to add a DUNS number field to previously approved forms.

e. Ensure that their grant-related processing systems, and other systems as appropriate, are able to accept the DUNS number.

6. *Information Contact.* Direct any requests for exemption or questions about this policy directive to Sandra Swab, Office of Federal Financial Management, 202-395-5642 (direct) or 202-395-3993 (main office), or via e-mail ([sswab@omb.eop.gov](mailto:sswab@omb.eop.gov))

7. *Effective Date.* This policy directive is effective 30 days after issuance.

Dated: June 23, 2003.

**Linda M. Springer,**

*Controller.*

[FR Doc. 03-16356 Filed 6-26-03; 8:45 am]

**BILLING CODE 3110-01-P**

## OFFICE OF MANAGEMENT AND BUDGET

### Final Report of the Small Business Paperwork Relief Task Force

**AGENCY:** Office of Management and Budget, Executive Office of the President.

**ACTION:** Notice.

**SUMMARY:** The Office of Management is publishing the Final Report of the Small Business Paperwork Relief Task Force on June 28, 2003. The Small Business Paperwork Relief Task Force recommends options regarding the feasibility of consolidating information collections, organizing a list of information collections, and creating interactive electronic systems. A Draft Report was released for public comment May 9, 2003 and the response to comments is included in Appendix 8 of the Final Report. The Final Report of the Small Business Paperwork Relief Task Force is posted on OMB's Web site, <http://www.whitehouse.gov/omb/inforeg/sbpr2003.pdf>, and on the Small Business Administration's Web site for business laws, <http://www.businesslaw.gov>.

**FOR FURTHER INFORMATION CONTACT:**

Shivani Desai, Office of E-Government and Information Technology, Office of Management and Budget, E-mail: [shivani\\_desai@omb.eop.gov](mailto:shivani_desai@omb.eop.gov), Telephone: (202) 395-3092.

**SUPPLEMENTARY INFORMATION:** Congress directed the Director of OMB to convene and have a representative chair a Task Force "to study the feasibility of streamlining requirements with respect to small business concerns regarding collection of information and strengthening dissemination of information" (44 U.S.C. 3520, Pub. L. 107-198). More specifically, this Small Business Paperwork Relief Task Force is charged with examining five ways to reduce the information collection burden placed by government on small business concerns. They are:

1. Examine the feasibility and desirability of requiring the consolidation of information collection requirements within and across Federal agencies and programs, and identify ways of doing so.

2. Examine the feasibility and benefits to small businesses of having OMB publish a list of data collections organized in a manner by which they can more easily identify requirements with which they are expected to comply.

3. Examine the savings and develop recommendations for implementing electronic submissions of information to the Federal government with immediate feedback to the submitter.

4. Make recommendations to improve the electronic dissemination of information collected under Federal requirements.

5. Recommend a plan to develop an interactive Government-wide Internet program to identify applicable collections and facilitate compliance.

The Small Business Paperwork Relief Task Force is required to submit a report of its findings on the first three issues no later than one year after enactment, or June 28, 2003. A second report on the final two issues is required no later than two years after enactment, or June 28, 2004. Both reports must be submitted to the Director of OMB; the Small Business and Agriculture Regulatory Enforcement Ombudsman; and the Senate Committees on Governmental Affairs and Small Business and Entrepreneurship; and, the House Committees on Government Reform and Small Business.

The Director of OMB appointed Dr. John D. Graham, Administrator of the Office of Information and Regulatory Affairs, and Mr. Mark A. Forman, Administrator for the Office of E-Government and Information Technology, to co-chair the Small Business Paperwork Relief Task Force.

The Act specifies the following agencies to be represented on the SBPRA Task Force: Department of Labor (including the Bureau of Labor