

BACKGROUND AND PURPOSE

This is the sixth annual and final progress report submitted to the Congress and the Office of Management and Budget (OMB), as required by section 5 of the Federal Financial Assistance Management Improvement Act of 1999 (Public Law [P.L.] 106-107, “the Act”). This government-wide report serves multiple purposes. First, it describes the interagency activities of the 26 federal grant-awarding agencies¹ between September 2006 and November 2007. Second, it summarizes accomplishments of the Federal Grants Streamlining Initiative over the period dating from submission of the P.L.106-107 Initial Plan to the Congress in May 2001 to the sunset of the Act in November 2007. Third, the report addresses our plans to continue activities to streamline and simplify the award and administration of federal grants.²

THE YEARS IN REVIEW—2001-2007

The main objective of the Federal Grants Streamlining Initiative is to reduce the variations in practice among federal grant-making agencies that make it difficult for applicants and grant recipients to do business with the federal government. Federal agencies involved with the Initiative have collectively realized many accomplishments, including, but not limited to, the following:

- ◆ Created a single portal for use in finding and applying for financial assistance opportunities
- ◆ Established a limited number of standard application forms
- ◆ Devised a simpler approach to issuing and locating OMB guidance and agency implementing regulations that apply to grant award and administration
- ◆ Achieved greater consistency across the different sets of OMB cost principles
- ◆ Adopted a standard funding opportunity announcement format that makes it easier for potential applicants to find the information they need to decide whether to apply and to submit responsive applications.

In addition to these realized accomplishments, which have a far-reaching impact, we have many “planned accomplishments”—activities underway that will reach fruition within the coming months or over the longer term. Since the time of the Initial Plan, extensive effort has been exerted in the planning and coordinating

¹ These represent the major grant-making agencies and are referred to throughout this report as the “federal grant-making agencies.”

² The term “grant” as used in this report includes cooperative agreements.

work needed to realize these accomplishments. These planned accomplishments include the following:

- ◆ Establish government-wide standards for post-award reporting: financial, performance/progress, and property (intellectual, real, and tangible personal property)
- ◆ Adopt a new approach to providing award information and grant requirements to assist both recipients and agencies in understanding, applying and complying with administrative and national policy requirements
- ◆ Reduce the number of system variations and disparate business processes, including those related to grant payment
- ◆ Enhance the quality of single audits under OMB Circular A-133
- ◆ Establish training and certification standards for federal grants managers.

The path to accomplishment is a continuing process rather than a finite activity. This process is lengthy and complex because it involves a variety of stakeholders and participants. These include the grant-awarding agencies, which vary in size and types of programs; the applicant/recipient communities; OMB; and oversight agencies. These groups have multiple viewpoints—whether programmatic, financial, systems-oriented, or other—that must be considered in order to maximize the potential for meaningful and implementable change.

The section of this report entitled “Our Major Grants Streamlining Efforts” provides further information on realized accomplishments and other activities in which we are engaged under the P.L. 106-107 umbrella. For each accomplishment or activity discussed, we explain the purpose of the undertaking, its relationship to grants streamlining, and its impact.

These activities, while very significant, are only part of what we believe we have achieved under the Act. Equally important, and something that will be in place for years to come, are an interagency attitude of cooperation and a supporting structure that we can employ for a variety of grant-related activities and to ensure continuous improvement. We have succeeded in moving from agency-specific or program-centric approaches to change and attempts to improve in selected areas to a more comprehensive approach. This more comprehensive approach considers the need for, and impact of, changes across the enterprise—recognizing that the federal agencies and their constituencies are not monolithic and have different needs and concerns. In addition, the structure we have formed is flexible enough to accommodate new initiatives and incorporate new or changed emphases as we evaluate our progress. For example, having a structure in place served us well in our efforts to quickly identify the waivers needed to relieve administrative burden for grant recipients affected by Hurricane Katrina and Hurricane Rita. As described below, this structure also facilitated our recent efforts to implement the

Federal Funding Accountability and Transparency Act of 2006 (“Transparency Act”).

We also are planning for our post P.L. 106-107 activities. The Grants Policy Committee (GPC) has undertaken outreach efforts and is developing a forward-looking strategic plan as discussed in the next section.

The Interagency Grants Streamlining Governance Structure: Positioning Us for the Future

At the time of the Initial Plan, we began with a structure that included four Work Groups representing the various phases of the grant process and cross-cutting considerations. These four work groups—Pre-Award, Post-Award, Audit Oversight, and Electronic Processing—assisted in developing the Initial Plan and were responsible for day-to-day activities under it. Their activities were overseen by a team reporting to the Grants Management Committee (GMC), which operated under the auspices of the Chief Financial Officers (CFO) Council.

Over the next several years, we not only refined our P.L. 106-107 implementing structure as we fully articulated and parsed issues, but we also worked to integrate our efforts under P.L. 106-107 with other government-wide grant-related initiatives. Grants.gov and the Grants Management Line of Business (GMLOB), two major initiatives introduced as part of President’s Management Agenda E-Government (E-Gov) initiatives, have had a significant effect on our grants streamlining work. Grants.gov is a single, government-wide electronic portal where the public can find information about all federal funding opportunities for grants under which an agency has discretion to make awards and through which applicants may electronically submit applications. The GMLOB initiative was originally intended to reduce the number of different “back office,” or internal agency, grants processing systems, and establish common sets of business practices across agencies, thereby reducing redundancy and costs. It now has been broadened to cover the full life cycle of the grants process.

Currently, we are operating with five Work Groups—the Pre-Award, Post-Award, Mandatory Grants, Audit Oversight, and Training and Certification Work Groups—under the oversight of the GPC, which is the successor to the GMC and serves as the interagency policy arm of our efforts. The GPC is chaired by the CFO of the National Science Foundation (NSF) and operates under the auspices of the CFO Council and the executive leadership of OMB. The GPC’s counterpart for electronic grants initiatives—the Grants Executive Board (GEB)—oversees activities under the Grants.gov and GMLOB initiatives. The GEB currently is led by the Environmental Protection Agency.

We continue to solidify our governance structure. In August 2007, the several Program Management Offices (P.L. 106-107/GPC, Grants.gov, and GMLOB) were consolidated in a single Program Management Office (PMO). The purpose of this consolidation was to facilitate communication across the interagency work-

ing groups and collaboration in streamlining across the federal grant-making agencies.

While evolving to meet changed needs and circumstances, these entities also have successfully coordinated their efforts and kept each other informed of the status of their respective activities. We have used various means to ensure that coordination and communication, including designating liaisons and providing periodic status reports. These mechanisms also allow appropriate consideration of issues to determine whether an issue is primarily a policy or a technological issue and the associated activities and timing.

We also successfully engaged with other policy and electronic groups that have more targeted areas of responsibility that relate to grants management or that require effective interagency coordination. These include the Research Business Models Subcommittee of the National Science and Technology Council's Committee on Science and, more recently, the Transparency Act Task Force and its Grants Committee. These engagements have contributed to ensuring involvement and participation of affected internal constituencies, enabling use of the most relevant resources, and resulted in more fully vetted products.

These mechanisms are supplemented by cross-constituency (federal and non-federal) efforts to obtain feedback, user input, and externally oriented efforts as described in the next section.

Involving Our External Constituencies

As part of the development of the Initial Plan, we held consultation meetings with external constituencies, invited them to submit written comments on an interim plan, and provided other opportunities for input. Since 2001, we have developed or enhanced our relationships with entities internal and external to the federal government in an effort to harmonize initiatives and be more inclusive. This includes the Federal Demonstration Partnership (which includes non-federal research organizations and federal agencies) and the National Grants Partnership (which includes membership from the non-federal governmental and non-profit communities, as well as from federal agencies). We also used other means of outreach, including creating a dedicated P.L. 106-107 e-mail box to receive feedback and using the Grants.gov and agency websites to provide information about our activities.

Both the GPC and the GEB (through Grants.gov) now have processes in place to engage external constituencies. The GPC instituted a series of webcasts, beginning in October 2006, as a means of expanding our outreach efforts to inform stakeholders about our P.L. 106-107 implementation activities and to hear their comments and concerns. To date, the GPC has hosted four such webcasts in an effort to keep our constituencies informed of progress as well as to obtain valuable feedback on our general policy direction and specific efforts.

The subject matter of the four webcasts was:

- ◆ Update of P.L. 106-107 Work Group activities (October 2006)
- ◆ Review of several of the reporting formats under development (February 2007)
- ◆ Federal plans for implementation of the Transparency Act (July 2007)
- ◆ Future GPC activities and priorities, including its development of a strategic plan (October 2007).

Grants.gov uses a variety of means to reach out to affected external stakeholders or a combination of internal and external constituencies, including:

- ◆ *Webcasts.* In order to facilitate obtaining the input and participation of the grants community as a whole and not just those in the Washington DC area, and to allow quarterly reporting to the public, Grants.gov conducted four webcasts in fiscal year (FY) 2007 using a public interface through the Internet. This increased aggregate participation from 400 to 2,000 individuals. Topics included: a panel discussion of the grantee benefits and usability of Grants.gov; updates on the Transparency Act, GEB, and grants policy activities (while similar to the subject matter of several of the GPC webcasts, the Grants.gov webcasts may reach a different audience)³; training and outreach updates; and the launch of the Adobe forms and enhanced system functionality.
- ◆ *Listserv.* In response to applicant feedback, Grants.gov created a listserv for communications between Grants.gov and applicant institutions interested in system-to-system (S2S) information. The listserv allows participants to share information on best practices and leverage the technical expertise and experience within the grant community.
- ◆ *Usability testing.* Extensive usability testing was completed during FY 2007 and which will continue into FY 2008. The goal of the user testing, which includes representatives of the grantor and applicant communities, is to further streamline the processes required to successfully find and apply for a grant, in particular registration and search. Results and lessons learned from the testing will be incorporated into the site.
- ◆ *On-line activities.* Grants.gov began using WebEx to conduct online training sessions and interactive conferences for applicants and grantors. Grants.gov's first conference using the WebEx tool was conducted to address processing issues encountered by S2S users.

³ The GPC supporting documents for its webcasts and the Grants.gov webcasts are archived for public viewing at http://grants.gov/aboutgrants/grants_news.jsp and http://grants.gov/resources/stakeholder_communications.jsp, respectively.

Our Major Grants Streamlining Efforts

AN OVERVIEW

Subsection 6(a) of the Act required federal agencies to establish

- ◆ a common application or set of applications for use in applying for multiple federal financial assistance programs serving similar purposes, administered by different federal agencies;
- ◆ a common system, including electronic processes, wherein a non-federal entity can apply for, manage, and report on the use of funding from multiple federal programs serving similar purposes and administered by different agencies;
- ◆ uniform administrative rules for federal financial assistance programs across different federal agencies; and
- ◆ an interagency process for addressing the requirements of the Act.

In the Initial Plan, we cited our major objectives as

- ◆ streamlining, simplifying, and standardizing, to the extent appropriate;
 - announcements of funding opportunities;
 - application requirements and procedures;
 - award documents, including terms and conditions for
 - general administrative requirements, like those that currently originate in the OMB Circular A-102 common rule and OMB Circular A-110, and
 - national policy requirements that originate in statutes, Executive Orders, their implementing regulations, and other appropriate sources;
 - reporting forms and business processes for reporting;
- ◆ improving reporting by recipients;
- ◆ making the descriptions of similar cost items in the cost principles consistent, where possible;
- ◆ having single audits that meet federal oversight needs; maintaining up-to-date information on federal requirements, and providing information and

services to recipients, auditors, and agencies to ensure quality and timely audits; and

- ◆ developing and implementing electronic processes and data standards that are interoperable and provide a common face to applicants, recipients, and agencies.

We have been focused on these major areas since 2001, when we submitted our Initial Plan to Congress. In many instances, the details of implementation, which could not be foreseen in 2001, represent the areas where we focused our time and attention. We can claim a number of accomplishments in these areas as well as planned activities. To reflect our commitment to continuous improvement, in some cases, our future activities include planned enhancements to our accomplishments.

In summary, we have succeeded in the following:

- ◆ Making it easier for potential applicants to
 - find funding opportunities, determine whether a funding opportunity is of interest, and apply, as a result of development and deployment of Grants.gov; and
 - locate the same types of information in the same place in each announcement, through use of a standard funding opportunity announcement format.
- ◆ Reducing the number of different application forms and standardizing data elements across those forms.
- ◆ Converting the complex nonprocurement suspension and debarment and drug-free workplace regulatory requirements to plain language, making them clearer and easier to use, and streamlining nonprocurement suspension and debarment requirements by allowing agencies to use less burdensome methods than a certification with each application to provide for recipient compliance.
- ◆ Developing in Title 2 of the Code of Federal Regulations (CFR) (Title 2) a central location for government wide policy and procedural requirements for grants and agreements and agency implementing regulations, making both more accessible and easier to find and use.
- ◆ Developing alternatives to common rules, with the OMB guidance and agency implementations of the suspension and debarment policies and procedures serving as our initial example of this approach. By eliminating common rules for grants management, we have not only streamlined the regulatory process but also eliminated thousands of pages of repetitive regulatory coverage.

We continue to work toward the following:

- ◆ Establishing common standards for post-award reports that recipients are required to submit under their grant awards and improving the quality of information reported through
 - development of a common set of reporting formats, including a consolidated federal financial report, real and personal property reports, an invention report, and performance reports for research and non-research awards; and
 - efforts to enhance the quality of audits and audit services.
- ◆ Reducing the number of different federal grant processing systems and leveraging successful systems and processes, which is being carried out under the GMLOB initiative.
- ◆ Reducing unnecessary differences by establishing standards for award format and content. This includes developing standard placement and language for award terms and conditions addressing administrative and national policy requirements, which will improve award compliance.
- ◆ Establishing training and qualification standards for those individuals in the federal workforce responsible for the award and administration of grants, including establishment of a government-wide certification program and maintenance of a government-wide database.
- ◆ Preparing a handbook for non-profit organizations to use when formulating indirect cost proposals.
- ◆ Reducing unnecessary differences in terminology and processes for requesting grant payments.
- ◆ Ensuring that mandatory grant programs are given appropriate treatment in the various streamlining and simplification activities.
- ◆ Issuing a policy on use of certifications and assurances under grants to reduce burdens associated with submissions by applicants and recipients.

In addition, to ensure continuous improvement, we are engaged in, or at the appropriate time plan to undertake, the following:

- ◆ Continuing review of the standard application forms used in Grants.gov to ensure that they are current and reflect the types of information needed under the Transparency Act and to manage federal programs more generally
- ◆ Review of the federal and non-federal experience with the standard announcement format and incorporate lessons learned as well as additional standard policies in a “phase 2.”

Figure 1 provides an overview of our activities from November 1999 through November 2007. The next section of this report provides additional details on our completed and ongoing activities.

Figure 1. Summary of Activity: Passage of the Act through November 2007

1999	through	2002	2003/2004	2004/2005	2005/2006	2007 and beyond
<p>Passage of P.L. 106-107</p> <p>Federal Grant Streamlining Initiative Work Groups formed</p> <p>Public consultation meetings held</p> <p>Initial plan submitted to Congress</p> <p><i>Policies issued for public comment:</i></p> <ul style="list-style-type: none"> -- Standard funding opportunity announcement format -- Grants.gov FIND data elements -- Changes to OMB cost principles -- Changes to OMB Circular A-133 	<p><i>Policies issued:</i></p> <ul style="list-style-type: none"> -- Use of a standard announcement format -- Grants.gov FIND data elements -- Use of Grants.gov FIND -- Increase in A-133 audit threshold -- Common rule on nonprocurement suspension and debarment <p>Agencies posting synopses on Grants.gov FIND for 100% of their discretionary funding opportunity announcements</p> <p>Established Title 2 of the Code of Federal Regulations as central location for OMB grants and agreements guidance and federal agency implementation and relocated OMB Circular A-110 to 2 CFR part 215</p> <p>Developed a set of core application face page data elements for use in Grants.gov APPLY and hard-copy applications</p> <p>Deployed Grants.gov APPLY</p> <p>Enhanced the operation of the Federal Audit Clearinghouse</p>	<p>Established the Grants Policy Committee</p> <p>Strengthened working relationship with Research Business Model Subcommittee, Federal Demonstration Partnership, National Grants Partnership</p> <p>Formed Training and Certification Workgroup</p> <p>Grants Executive Board charter amended</p> <p>Integrated Grants.gov FIND/APPLY and deployed additional data sets</p>	<p>Issued 2 CFR part 180 on suspension and debarment</p> <p>Relocated OMB cost principles to Title 2 (2 CFR parts 220 (A-21), 225 (A-87), and 230 (A-122))</p> <p>Identified three GMLOB consortia – National Science Foundation, Department of Education, Administration for Children and Families (HHS)</p> <p>Deployed system-to-system functionality for Grants.gov</p>	<p><i>Completed:</i></p> <ul style="list-style-type: none"> -- Agency adoption of 2 CFR part 180 on nonprocurement suspension and debarment -- Held four GPC webcasts -- Simplified recipient reporting to the Federal Audit Clearinghouse -- Agencies posted application packages in Grant.gov for >90% of synopsized opportunities <p><i>Underway:</i></p> <ul style="list-style-type: none"> -- Agencies' selection of a GMLOB consortium or appeal submission -- Public input on reporting formats -- Complete award content and format proposals for government-wide vetting -- Align GPC activities with strategic plan <p><i>Planned:</i></p> <ul style="list-style-type: none"> -- Enhance Grants.gov usability -- Complete GMLOB migration plans -- Issue final reporting formats 		

We have previously reported on those activities through 2006 (all but the last column) in our previous annual reports. In this report, we show the progress we have made in several of these areas since our last report and indicate our future plans.

GRANTS.GOV

Grants.gov supports the objectives of electronic government and P.L. 106-107 through the capabilities it has established for

- ◆ the public in general and potential applicants for financial assistance to locate synopses of discretionary funding opportunities and receive opportunity posting notices via e-mail, based on their stated preferences and areas of interest, and
- ◆ potential applicants to download the application package for posted funding opportunities and submit applications electronically, based on architecture with open standards utilizing Extensible Markup Language (XML). This allows different standards to seamlessly integrate with Grants.gov without requiring infrastructure changes.

Since October 2003 when Grants.gov first became operational, its use has increased exponentially as both Grants.gov itself, the individual federal agencies, and applicants work to maximize its potential. This includes continuing enhancement of Grants.gov's capabilities to keep pace with technology and the needs of its users.

Grants.gov improvement efforts during the past year include the following:

- ◆ Accommodating Macintosh users by providing a Special Edition Mac Viewer on the Grants.gov site
- ◆ Deploying the 2007 System Solution, which included an Adobe-based application system comprised of 147 Adobe fillable forms and Google search appliances, after testing by applicant and grantor community representatives and incorporation of their feedback
- ◆ Simplifying the federal process for forms clearance under the Paperwork Reduction Act for the government-wide and agency-specific information collections in the Grants.gov repository in conjunction with efforts of OMB and GPC
- ◆ Signing a Memorandum of Understanding (MOU)/Service Level Agreement with the E-Authentication E-Government PMO for extension of the credential service provider for the grant community (federal and non-federal) through FY 2008

- ◆ Making full use of the Grants.gov User Group—a group consisting of representatives from all of the federal grant-making agencies—that provides a mechanism for obtaining feedback and direction from the customers of Grants.gov and serves as a forum to inform the grantor community of upcoming changes to Grants.gov and advise on technical aspects of the system.
- ◆ Working with its managing partner, the Department of Health and Human Services (HHS), to develop a secondary Grants.gov site that will be used as a Continuity of Operations Plan (COOP) Disaster Recovery site and also will serve as a test bed.

As evidence of the increasing acceptance and use of Grants.gov, we offer some statistics.

- ◆ All federal grant-making agencies continue to post synopses of all of their competitive discretionary funding opportunities on Grants.gov FIND. These agencies also use the site for other types of notifications, e.g., requests for information, as a means of reaching a broad audience.
- ◆ Since the inception of Grants.gov, almost 8,000 application packages have been made available for use through Grants.gov. In FY 2007 alone, 3,144 discretionary grant opportunity synopses were posted, along with 2,908 application packages.
 - The few exceptions were ones where Grants.gov does not currently support submission, e.g., fellowships and collaborative opportunities, or follow a process that causes an application package to be made available in a different time frame than the synopsis. (The Grants.gov User Group is in the process of recommending government wide requirements for collaborative opportunities and fellowships for implementation by Grants.gov.)
 - Several hundred additional grant application packages were posted at Grants.gov even though their posting at the site was not required, e.g., for continuing grants for which there is no competition.
- ◆ A total of 286,886 submissions have been processed through Grants.gov since inception. In FY 2007, Grants.gov received 180,681 applications, which was more than double the total of 90,045 received in FY 2006, distributed among the federal grant-making agencies.
 - Increasing numbers of applicant organizations are investing in S2S capabilities as they see the benefits they can derive, especially organizations submitting a large number of applications to federal agencies. This functionality allows those organizations to continue using their internal grant processing systems and create a seamless, automated integration with Grants.gov APPLY.

- In FY 2007, S2S submissions totaled 7,751 from more than 166 distinct organizations.
- ◆ At the end of FY 2007, 91,858 Authorized Organization Representatives—individuals authorized to submit grant applications on behalf of their organizations—were registered, representing a 76 percent increase over FY 2006.
- ◆ Some of our state partners have worked with us to provide links to their funding opportunities through the Grants.gov site, thus providing an additional capability for those interested in determining possible funding sources.

These features are supported for both federal and non-federal users by the consolidated PMO and its several contractors, including those that operate a contact center and e-mail support desk. Grants.gov also continues to upgrade its website to provide training tips, tools, search functions, and a technical library as resources for users.

GRANTS MANAGEMENT LINE OF BUSINESS

In FY 2004, a task force made up of representatives from the federal grant-making agencies developed the vision for the GMLOB—creation of a common solution for grants management that promotes citizen access, customer service, and agency financial and technical stewardship. Consistent with the objectives of P.L. 106-107, this initiative, which is co-managed by HHS and NSF, is focused on developing a standardized and streamlined approach to grants management across the federal government, through consolidation of the more than 100 separate grants management systems deployed at the federal grant-making agencies.

To achieve its vision, GMLOB has adopted a consortia-based solution. Under this approach, agencies partner with a consortium lead, and together with the other members of the consortium, develop a common grants management solution that meets all members' needs. This vision is complementary to and supportive of our policy initiatives, including implementation of the standard reporting formats that are currently available for public comment (see below).

The consortium model benefits both agencies and recipients in the following ways:

- ◆ Operations and maintenance (O&M) costs, and development, modernization, and enhancement (DME) costs will be spread across agencies, thereby decreasing the burden on any one agency
- ◆ Automated business processes will decrease agency reliance on manual and paper-based processing, further reducing cost

- ◆ It provides the impetus for agencies to analyze their grants management systems and identify core grants management system requirements
- ◆ Processing time should be faster and access to information increased
- ◆ Recipients will not have to contend with myriad unique agency systems and processes, increasing their ability to focus their resources on learning the available systems and decreasing reliance on call center technical support

The consortia are interim planning structures, which facilitate the development of shared-service solutions. In 2006, OMB designated the following agencies as federal consortium leads: the Department of Education (ED), the Administration for Children and Families, HHS (HHS/ACF), and National Science Foundation (NSF). They offer three distinct models for providing shared grants management technical solutions and services that allow grants to be processed in a decentralized way using common business processes. ED's and NSF's system solutions, which are currently being developed, leverage the strengths of their existing legacy systems. HHS/ACF's solution is to refine a mature grants management system. Both ED's and HHS/ACF's systems will provide end-to-end grants management capabilities, while NSF offers a menu of services tailored to the needs of the research grants community.

OMB deferred selection of additional consortium leads in order to focus on implementing the Transparency Act. In August 2007, OMB announced that no new consortium leads would be named, pending completion of agencies' efforts to determine how well their needs align with the capabilities of the three designated consortia.

With the assistance of the GMLOB and the consortia, the agencies are now working to meet two GMLOB milestones. The first milestone, for the end of the first quarter of FY 2008, requires agencies to prepare fit/gap analyses based on the consortia solutions and either sign an MOU to partner with one or more consortia or file an appeal with OMB requesting an exemption. The second milestone requires agencies to submit an Implementation Plan by the end of the second quarter of FY 2008 detailing their strategy and major milestones for either joining and migrating to a consortium common solution or implementing an alternative solution. GMLOB sponsored a consortia partnering meeting, which provided the three consortium leads with a forum to describe their consortium approach and features and highlight initial successes with agency partners. This session was followed by one-on-one meetings between the agencies and the consortium leads to discuss potential partnerships. GMLOB also provided a number of tools for agency use in meeting the first quarter milestone. These include the following:

- ◆ Fit/gap analysis templates to aid agencies in determining a consortium's ability to meet their grants management system requirements

- ◆ Standard mandatory and suggested language for incorporation into consortium MOUs
- ◆ Appeals guidance and request forms detailing the process by which an agency may submit an appeal requesting exemption from migration to a consortia-based solution
- ◆ Frequently asked questions pertaining to each step of the GMLOB process.

As the federal grant-making agencies work to meet these milestones, GMLOB continues to support the agencies through communication and outreach as described above, and is tracking agency efforts. In addition, GMLOB will assist the consortium leads in managing communication with potential partner agencies and conducting monthly meetings to share status and best practices, as well as to identify and mitigate possible challenges.

REPLACING COMMON RULES: THE PROCESS AND THE SUBSTANCE OF ADOPTABLE GUIDANCE

This past year saw 20 agencies complete their efforts to implement in their sections of Title 2 the adoptable guidance on suspension and debarment—a joint achievement of the Interagency Suspension and Debarment Committee (ISDC), the Pre-Award Work Group, OMB, and the individual agencies. This effort will serve as a model for the future, including a similar effort related to implementation of the Drug-Free Workplace Act.

Specifically, replacing common rules with adoptable guidance will do the following:

- ◆ *Make it easier to discern an agency's variations from OMB's government wide language.* Each agency's implementation of the guidance will be a brief rule that: (1) adopts the OMB guidance, giving it regulatory effect for that agency's activities; and (2) states any agency-specific additions, clarifications, and exceptions to the government-wide policies and procedures contained in the guidance. This makes it easier to identify any agency-specific additions or exceptions to the government-wide language because the variations are not embedded in and integrated with the agency's publication of the full text of a common rule.
- ◆ *Streamline the process for updating government-wide financial assistance requirements and reduce the volume of federal regulations.* To update a common rule, all signatory agencies have to process the same rule-making document before it can be sent to OMB and published in the *Federal Register*. This process could take a year or more to complete. Common rules also result in repetition of the same coverage by each signatory agency, requiring hundreds of pages in each paper copy of each edition of the

CFR. The use of adoptable guidance will reduce burden to applicants/recipients and costs for the federal agencies, as well as allow timely issuance of requirements.

- Using the new approach, OMB published its two-page final suspension and debarment guidance (prepared by the ISDC) in the *Federal Register* at 2 CFR part 180 on November 15, 2006 [71 FR 66431]. Agencies were required to adopt the OMB debarment and suspension guidance by the end February 2007 in their chapter of Title 2—a period of about 90 days—and to rescind their existing common rule.
- The average agency implementation of 2 CFR part 180 is several pages long, while the common rule implementations comprised 114 pages in the *Federal Register*.

A major related effort that has made significant progress since our previous report is the Pre-Award Work Group's development of guidance for the structure and content of awards, including both administrative and national policy requirements. This guidance, when issued by OMB, will replace the OMB Circular A-102 common rule and OMB Circular A-110. Providing standard language for and placement of award terms and conditions will provide greater clarity and allow for increased understanding by recipients of the requirements that apply to them. Each agency will locate its implementation of this OMB guidance in the new 2 CFR. This effort has the potential to reduce the direct burden on applicants and recipients, as well as help recipients avoid audit disallowances.

REPORTING

Within the last several months, four reporting formats have been published in the *Federal Register* for public comment (as described below). These reporting formats were developed by, or in conjunction with, the Post-Award Work Group. Once adopted and implemented by the agencies, these reporting formats and requirements will fulfill one part of our vision—to streamline and simplify reporting, while at the same time ensuring that federal agencies and programs have the information they need to manage their grant programs and ensure recipient accountability.

The four reporting formats, their publication dates, and related information are as follows:

- ◆ The Federal Financial Report, which melds the Financial Status Report (SF 269/SF 269A) and Federal Cash Transactions Report (SF 272/SF 272A), was published by OMB as a final notice with an opportunity for comment [72 FR 69236, December 7, 2007]. Following the comment period and completion of the OMB Paperwork Reduction Act clearance process, agencies will begin their implementation process. Pending these final steps in the process, on a pilot basis, NSF and the HHS

Division of Payment Management have had recipients submit an electronic version with positive results.

- ◆ The Real Property Status Report, which will replace 16 forms currently in use, will provide a standard mechanism for reporting on the use and status of land or buildings acquired or constructed under grants for the duration of the recipient's accountability to the federal government. The reporting format was published by the General Services Administration as a new information collection with opportunity for comment [72 FR 64646, November 16, 2007].
- ◆ The Tangible Personal Property Report, which will replace a variety of authorized and unauthorized means of obtaining comparable information, will provide information on the status of tangible personal property valued at over \$5,000 acquired under grants. The reporting format was published by the General Services Administration as a new information collection with opportunity for comment [72 FR 64648, November 16, 2007].
- ◆ The Research Performance Progress Report for use on research and research-related grants, which was developed by the RBM Subcommittee in conjunction with the Post-Award Work Group, creates a standard where none previously existed. The reporting format was published by NSF as a proposed format for comment [72 FR 63629, November 9, 2007].

There are two other reporting vehicles in various stages of completion—

- ◆ The Performance Progress Report for use on grants other than those for research, which was previously published in the *Federal Register* for public comment [72 FR 16796, April 5, 2007; 72 FR 40307, July 24, 2007], has received final approval.
- ◆ Data elements for invention reporting under 37 CFR part 401, which will be published in the *Federal Register*.

PAYMENT

During this past year, we formed a team to focus on the relationship between the GMLOB consortia and the two major grant payment systems—the Automated Standard Application for Payments (operated by the Department of the Treasury) and the Payment Management System (operated by HHS)—which are used by multiple agencies. The intent is to work toward common nomenclature for all payment systems and more common business processes for grant payments.

AUDIT

In the audit area, we have a combination of completed and ongoing activities. Each year OMB issues an update of the OMB Circular A-133 Compliance Supplement as a means to ensure that single audits are conducted using the most current programmatic information and government-wide audit requirements. The 2007 Compliance Supplement was completed and posted on the OMB website in April 2007 <http://www.whitehouse.gov/omb/circulars/>.

With the significance of A-133 audits to ensuring the appropriate use of federal funds awarded to non-profit and governmental entities, we have engaged in a multi-year project to assess audit quality. This year, we began work on implementing several of the recommendations in the President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency Report on the National Single Audit Sampling Project. The two recommendations which the Audit Oversight Work Group will address are (1) revisions to OMB Circular A-133 to require training for auditors who perform single audits and (2) identifying opportunities to improve the single audit process. We will also provide technical assistance as necessary to OMB and other workgroups in an effort to improve the quality and overall effectiveness of single audits. This project will continue in the future.

Since the Initial Plan, we have made a variety of improvements to OMB Circular A-133 and the operation of the Federal Audit Clearinghouse (FAC) to benefit both recipients and federal agencies. This year, we updated the internal control terminology and related definitions in the circular and simplified the requirements for the auditee's submission of the reporting package to the FAC (<http://www.whitehouse.gov/omb/circulars/>) [72 FR 35080]. In addition, we plan to move the circular to Title 2, making further enhancements as appropriate.

LOOKING AHEAD

The vision to streamline and simplify the grants process still remains and we understand that there is more we can and should do. We plan to complete all of the activities cited in this report. In addition, the GPC is working on a strategic plan that recognizes the continued opportunity for streamlining and simplification along with the need for stewardship, and will pursue the development of any additional initiatives and activities that support that plan. That strategic plan is intended to be a dynamic rather than a time-limited document that ends on a specified date. Further, based on lessons learned from our experiences with P.L. 106-107, we must be able to effectively and efficiently respond to changed circumstances. We believe we have the structures in place to be able to use our combined resources to address new challenges or areas of interest, including those resulting from congressional action.