

CHAPTER 5. IMPROVING GRANTS MANAGEMENT

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

The Department awards over \$3.8 billion each year in funding for grants, cooperative agreements, and Indian self-governance compacts to state and local governments, Indian tribes, individuals, 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 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) inter-agency 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. The inter-agency workgroups contribute to, and often make, policy recommendations to OMB.

Active participation in several inter-agency forums, such as the Grants.gov 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. Interior has also offered to lead an inter-agency Training and Certification team. The team's vision is for federal assistance profession-

als (policy, administrative and program) to be proficient in all aspects of grants and cooperative agreements.

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 Public Law 106-107 Initiatives Work Group, a subcommittee of the Interior Federal Assistance Working Group (IFAWG), meets weekly to review program requirements and explore ways to unify and simplify similar programs.

An Executive Steering Committee (ESC) has also been established, consisting of senior level bureau/office management. The ESC provides executive oversight for the P.L. 106-107 Initiatives Work Group; recommends actions; and approves work group recommendations prior to submission to the Director, Office of Acquisition and Property Management. The ESC also provides additional collaboration and communication within Interior. Governmentwide streamlining efforts will be incorporated into the team's products in order to ensure consistent treatment of grantees.

The Office of Acquisition developed policy to reiterate and implement governmentwide policy regarding financial status reporting requirements related to grants to ensure that recipients are held accountable for the timely submission of accurate and complete financial status reports to better enable Department of the Interior bureaus and offices to record grant-related expenses in the proper period and de-obligate funds at the end of the grant period.

Agency Efforts to Coordinate Policies and Practices with Other Agencies

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 wild land 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 Inter-Agency 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, has developed an intra-agency handbook for Rural Fire Assistance and Community Assistance, updating the program announcements, and streamlining the application process. The group is continuing to work with the Federal Emergency Management Agency (FEMA) to improve coordination and delivery of services to recipients. The knowledge gained from this group has been shared with Interior Federal financial assistance employees at the DOI Acquisition, Assistance Management, and Business Utilization and Development Conference and will continue to 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 P.L. 106-107 Work Group and ESC 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 inter-agency 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, desk reviews were completed on more than 400 single audit reports. The Reviews are performed by the Office of Inspector General (OIG) 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 Grants.gov (formerly E-Grants) Area

Interior is active in several Grants.gov initiatives, including the Inter-Agency Electronic Grants Committee (IAEGC) and Grants.gov pilots. For example, Department of the Interior representatives participated in Grants.gov FIND, Testing of the Edges Pilot, and the Unified Application Mechanism Pilot. The results of the pilots will ultimately improve the value of Grants.gov. Also, Interior has volunteered to begin using Grants.gov FIND before the October 2003 deadline. Participation in inter-agency meetings and pilots allows Interior to stay informed and find additional opportunities to participate in Grants.gov initiatives.

The Department's Financial Business Management System (FBMS) proposes to reduce current stovepipe systems by providing a central financial management system with other business components, including a grants management system. Because the 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 2003 Accomplishments

- Continued to participate in governmentwide streamlining/standardizing initiatives;
- Began using Grants.gov FIND;
- Held four public consultations for applicants and recipients to share concerns and provide recommendations for PL 106-107 initiatives;
- Continued development of an Intra-Agency electronic grants management system through the FBMS;
- Held weekly meetings for the Public Law 106-107 Work Group;
- Established the Executive Steering Committee;
- Continued work of the IFAWG Staff Development Team, including a Departmentwide Competency Model and minimum training standards;
- Offered to lead an inter-agency Training and Certification team;
- Participated in the Grants.gov FIND pilot;
- Participated in Grants.gov Testing of the Edges Pilot;
- Participated in the Grants.gov Unified Application Mechanism Pilot;
- Developed policy to reiterate and implement governmentwide policy regarding financial status reporting requirements related to grants;
- Provided PL 106-107 information and shared best practices at the DOI Acquisition, Assistance Management, and Business Utilization and Development Conference held in April;
- Reviewed COTS financial assistance application and management products;
- Continued to review options to connect to the Grants.gov Portal; and
- Gained best practices from vendors and other agencies.

FY 2004 Planned Activities

- Continue to participate in governmentwide streamlining/standardizing initiatives;
- Continue to make funding announcements using Grants.gov FIND;
- Accept applications through Grants.gov APPLY;
- Continue regular meetings with the Public Law 106-107 Work Group including:
 - Review consultation comments and recommendations
 - Continue to review the mandatory grant lifecycle,
 - Provide recommendations based on consultations comments
 - Write policy based on work group recommendations
- Lead the inter-agency Training and Certification team.