

CHAPTER 10. IMPROVING ADMINISTRATION OF FEDERAL ASSISTANCE PROGRAMS

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

The Department awards over \$1 billion each year in funding for grants, cooperative agreements, Indian self-determination contracts, 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 nonprocurement 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 is an active participant in the Inter-Agency Electronic Grants Committee and is currently a participant in a pilot project to develop an electronic handbook system for the federal grant application processes including interfaces with the Standard Form 424 and a generic form customized according to the federal 194 data transaction set.

The Department is participating in work groups organized under the Grants Management Committee of the Chief Financial Officers Council for implementation of the Federal Financial Assistance Improvement Act (Public Law 106-107). The purposes of the Act are to improve the delivery of services to the public and the effectiveness and performance of federal grant programs. The law requires federal agencies to work with OMB in: (1) developing uniform administrative rules and common application and reporting systems; (2) replacing paper with electronic processing in the administration of grant programs; and (3) identifying statutory impediments to grant program simplification.

FY 2001 Accomplishments

- The Secretary signed the Initial Plan for Public Law 106-107, “Federal Financial Assistance Management Improvement Act of 1999” along with 25 other federal agencies.
- The Department submitted a signed agency-specific preamble to the Office of Management and Budget in preparation for the publication of the Notice of Proposed Rulemaking for the Governmentwide Debarment and Suspension (Nonprocurement) and Governmentwide Requirements for Drug-Free Workplace (Financial Assistance).
- The Department was a participant in the Electronic Handbook System Pilot Project conducted by the Federal Commons Subcommittee of the Interagency Electronic Grants Committee.
- Through work done by the Financial Assistance Team of the Department’s Financial Management Systems Migration Project, developed Requirements Document for Financial Assistance to use for a Request for Information.

FY 2002 Planned Activities

- Continue participation on the Work Groups implementing P.L. 106-107.
- Provide ongoing support for the acquisition of the Financial Assistance module of the Department’s Financial Management Systems Migration Project.
- Continue support of the Interagency Suspension and Debarment Committee’s rule publication and implementation activities.