

**Federal Financial Assistance
Management Improvement Act of 1999
Public Law 106-107
Initial Plan**

Executive Summary

The Federal Financial Assistance Management Improvement Act of 1999 (P.L. 106-107, “the Act”) provides both a mandate and a challenge for the administration of Federal financial assistance programs and activities. This initial plan fulfills the requirements of subsections 5(a) and (d) of the Act that the agencies develop implementation plans and submit them to the Congress and to the Director of the Office of Management and Budget by May 20, 2001.

The purposes of the Act are to (1) improve the effectiveness and performance of Federal financial assistance programs, (2) simplify Federal financial assistance application and reporting requirements, (3) improve the delivery of services to the public, and (4) facilitate greater coordination among those responsible for delivering the services.

Federal financial assistance includes grants, cooperative agreements, loans, loan guarantees, scholarships, and other forms of assistance. The grant and cooperative agreement portion of that enterprise, referred to in this plan as “grants,” involves more than 600 programs and their subprograms, with awards of more than \$325 billion a year, administered by 26 Federal agencies. The Act states that some Federal administrative requirements are duplicative, burdensome, and conflicting, sometimes impeding cost-effective delivery of services at the local level. Grant recipients deal with increasingly complex problems that require the delivery and coordination of many kinds of services. Their need to respond to excessive Federal grant administration requirements only adds to that complexity.

The Federal grant process needs to be improved for all recipients—whether State, local, or Native American tribal governments, public housing authorities, or private non-profit organizations, including institutions of higher education. In light of the cooperative effort needed to implement the Act effectively, the Federal grant-making agencies jointly have developed the initial plan for submission to Congress.

The initial plan was developed under the oversight of an interagency governance structure established to implement the Act. The Director of the Office of Management and Budget charged the Grants Management Committee (GMC) of the Chief Financial Officers Council to coordinate and oversee the government-wide implementation. There are five interagency work groups operating under the general direction of the GMC. Three of these groups represent various parts of the grant life cycle—Pre-Award, Post-Award, and Audit Oversight. The fourth is the supporting Electronic Processing group. The fifth group, the General Policy and Oversight team, is providing detailed oversight of the other work groups’ planning and implementation efforts and is examining broad issues. Collectively, the

GMC and these five work groups comprise the Federal Grant Streamlining Program.

While there have been a number of more recent initiatives to improve Federal grant administration, a review as broad in scope as that envisioned by the Act has not been undertaken since 1969. The agencies are committed to using the opportunity presented by the Act to try to achieve greater consistency in approach, particularly among programs for similar purposes, and otherwise improve administration of Federal grants. Having learned from past reform efforts, the agencies will ensure that both Federal and non-Federal stakeholders participate as partners in this process.

Agencies must take advantage of new and evolving technologies and develop partnerships with industry in order to make cost-effective use of technology. The Federal agencies are moving toward reliance on electronic processes to the maximum extent feasible; however, not all applicants or recipients of Federal grants have access to or the ability to use the current technologies. Therefore, the agencies not only must meet the mandate of the Act for an electronic option, but also must address the needs of those who must continue to rely on paper.

Administrative changes in the grant process will make it easier for recipients to carry out grant-supported programs, but those changes alone cannot resolve all of the problems, including those associated with categorical grant programs. As part of implementing the Act, the agencies, working through the interagency structure and within their individual agencies, may identify candidates for statutory change.

In accordance with the requirements of the Act, the agencies have consulted with non-Federal constituencies in developing this plan and will provide continuing opportunities for their participation. The GMC created a Web site that provides information about the work groups' activities in implementing the Act and invites public input. Individual agencies also have sought input through invitations to comment posted on their Web sites. The GMC held a series of five interagency public consultation meetings with: (1) States, (2) local governments, (3) Native American tribes and tribal organizations, (4) universities and non-profit organizations that conduct research, and (5) other non-profit organizations. On January 17, 2001, the agencies jointly published the interim/draft plan in the *Federal Register* (66 FR 4584), and requested public comment.

The initial plan considers those comments and, in large part, is based on them. In developing this plan, the agencies have been sensitive to the unique needs of Native American tribal governments and other tribal entities and rural America as expressed during the public consultation meetings and in other public comments. For Native American tribal governments, this would be limited to grant administration and other concerns directly related to the Act.

Process improvements that began before passage of the Act and are completed or continuing are recognized in the initial plan. The Federal Grant Streamlining Pro-

gram has either incorporated those activities under its umbrella or created a relationship between the Act's implementing activities and pre-existing organizations and projects. The initial plan also builds on successful models resulting from earlier initiatives of individual agencies and interagency groups.

The initial plan contains goals and objectives intended to meet the requirements of the Act. It includes progress, accomplishments, and planned activities for streamlining and simplifying the award and administration of Federal grants. The activities described in this initial plan focus on determining the underlying bases for current practices and requirements, assessing the potential for change, and determining if changes can be accomplished without statutory relief. While progress will be made within the next year, the improvement effort will be accomplished over an extended period.

The Act requires the Federal agencies to provide annual reports that evaluate their performance in meeting the plan's goals and objectives, which will be accomplished through updates to this plan. The agencies will establish performance measures related to the purposes and requirements of the Act and a process for assessing the extent to which specified goals and objectives have been achieved. In developing these performance measures, the agencies will consider input from applicants, recipients, and other stakeholders. Evaluation using a Balanced Scorecard approach is planned.

Appendix A is a list of signatories to this initial plan. Appendix B is the listing of designated lead agency officials, as required by subsection 5(a)(4) of the Act. Appendix C is a summary of the public comments related to implementation of the Act, including those received in specific response to the interim/draft plan published as a notice in the *Federal Register* on January 17, 2001. The GMC Web site provides the comments in full text. Appendix D includes a listing of agencies' payment system selection. Appendix E contains the Act itself.

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Introduction

PURPOSE

Twenty-six Federal agencies developed this plan to streamline and simplify the award and administration of Federal grants. The agencies are submitting this plan to the Congress and to the Director of the Office of Management and Budget (OMB) as required by section 5 of the Federal Financial Assistance Management Improvement Act of 1999 (P.L. 106-107, “the Act”).

Specifically, in subsection 6(a) the Act requires 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.

Subsection 5(a) of the Act requires each Federal agency to develop a plan that

- ◆ streamlines and simplifies the application, administrative, and reporting procedures for Federal financial assistance programs;
- ◆ demonstrates active participation in the interagency process for addressing requirements of the Act;
- ◆ demonstrates appropriate agency use, or plans for use, of the common application and reporting system;
- ◆ designates a lead agency official for carrying out the responsibilities of the agency under the Act;
- ◆ allows applicants to electronically apply for, and report on, the use of Federal financial assistance funds;

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- ◆ ensures that recipients of Federal financial assistance provide timely, complete, and high quality information in response to Federal reporting requirements; and
 - ◆ in cooperation with recipients, establishes specific annual goals and objectives to further the purposes of the Act and measure annual performance in achieving those goals and objectives.

This initial plan demonstrates how the Federal agencies intend to comply with the mandates of the Act.

BACKGROUND

Federal programs providing grants comprise a large, diverse enterprise with widely varying purposes and recipient constituencies. The *Catalog of Federal Domestic Assistance* (CFDA) lists more than 600 grant and cooperative agreement programs with approximately \$325 billion in annual expenditures. The programs stimulate or support public purposes in areas such as health, social services, law enforcement, agriculture, housing, community and regional development, economic development, education and training, and national security. Many of these programs require complex arrangements, such as intergovernmental coordination or public-private partnerships, to coordinate and deliver the needed services.

Among the recipient constituencies are State, local, and Native American tribal governments, public housing authorities and resident organizations, and private, non-profit organizations, including institutions of higher education. The funding mechanisms for these programs include mandatory grants, such as block grants, and discretionary grants and cooperative agreements in support of specific programs or projects. In this initial plan, which addresses financial assistance in the form of grants and cooperative agreements, the term “grant” also includes “cooperative agreement.”

The purposes of the Act are to (1) improve the effectiveness and performance of Federal financial assistance programs, (2) simplify Federal financial assistance application and reporting requirements, (3) improve the delivery of services to the public, and (4) facilitate greater coordination among those responsible for delivering the services.

The agencies use a variety of administrative processes and requirements to support the award and administration of Federal grants. There are significant opportunities to reduce these variations and, as part of that effort, to streamline and simplify grant award and administration, as described in this initial plan. While there have been other studies, reports, and attempts at Federal grant simplification in the past, a comprehensive, government-wide review of this magnitude has not been undertaken since the Federal Assistance Review in 1969. That review, which took 3 years to complete, resulted in reducing burdensome requirements placed on

recipients. The review also led to increased uniformity among Federal agencies in their grant activities with governmental organizations. For example, it led to the issuance of OMB Circulars A-87 and A-102, which contain cost principles and uniform administrative requirements for grants to governmental organizations. It also resulted in a standard application, the Standard Form (SF)-424.

The Act addresses only grant administration and how it affects program outcomes. The Act does not address program requirements such as those related to eligibility for services and program-specific limits on costs and activities. The agencies will recommend changes in a number of areas, including some that may require statutory change or that may extend beyond the administrative area. For changes that would affect government-wide policy, the agencies will make their recommendations through the Grants Management Committee (GMC) to OMB. For those requiring statutory change, legislative proposals will be submitted to Congress as part of the budget process.

ORGANIZATIONAL APPROACH AND ACTIVITIES

Interagency Process

The agencies are actively involved in a new interagency process that resulted in this plan. That same interagency process will be used to oversee the plan's implementation and monitor accomplishments. The Director of OMB charged the GMC of the Chief Financial Officers (CFO) Council to serve as the coordinating body for the interagency effort to meet the purposes of the Act. The GMC has previously addressed cash and accounting issues related to efficient management of Federal grants. The Department of Health and Human Services (HHS) is assisting OMB as the lead agency for implementation of the Act.

Four streamlining and simplification work groups and a policy and oversight team, comprising the Federal Grant Streamlining Program (FGSP), are operating under the GMC's auspices. In addition, several government-wide initiatives that predate passage of the Act have been integrated into the work groups' activities to increase the initiatives' priority and accelerate them. Three of the four work groups represent components of the grant life cycle—the Pre-Award, Post-Award, and Audit Oversight work groups. The fourth work group, Electronic Processing, supports the other three work groups. The General Policy and Oversight team is overseeing the progress of the work groups and examining issues that transcend the life cycle. Serving as co-chair of this oversight team along with HHS, OMB directs, coordinates, and assists the process.

Work Groups

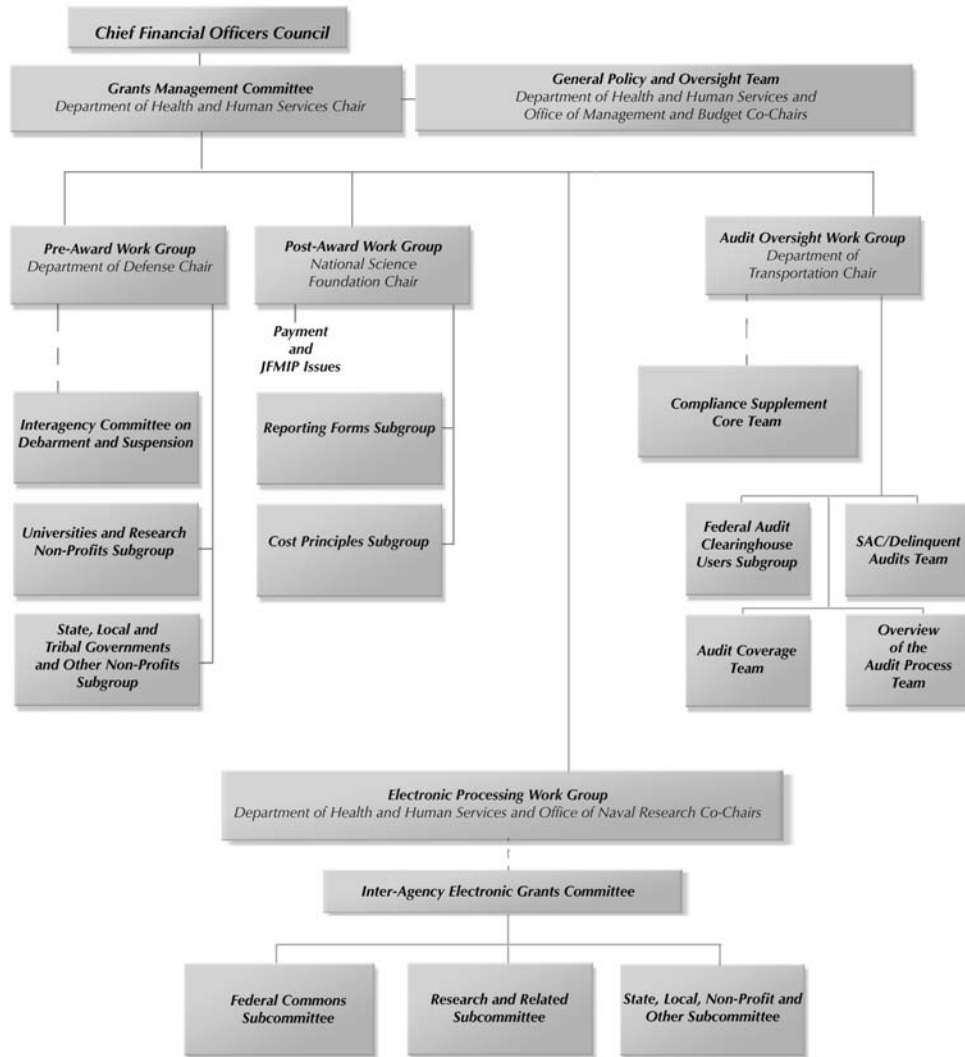
The Pre-Award work group consists of two subgroups based on recipient type—the University and Research Non-Profit subgroup and the State, Local, and Native American Tribal Government, and Other Non-Profit subgroup. In areas where it does not appear that there should be differences in approach by recipient type (e.g., announcement of funding opportunities), the work group will address the issues in an integrated manner. In addition, the work of the Interagency Committee on Debarment and Suspension to simplify and update the government-wide common rule on non-procurement debarment and suspension is under the purview of the Pre-Award work group.

The Post-Award work group consists of two subgroups—the Reporting subgroup and the Cost Principles subgroup—in addition to activities being carried out by the work group chairperson.

The Audit Oversight work group consists of several subgroups and teams in areas related to the single audit process under OMB Circular A-133. The Audit Oversight work group is coordinating its efforts with those of the Compliance Supplement core team, which is responsible for producing the annual update to the *Single Audit Compliance Supplement* (Compliance Supplement) under OMB Circular A-133. The Compliance Supplement core team continues as a separate body.

The Electronic Processing work group primarily supports the Pre-Award and Post-Award work groups. That group is composed of the Steering Group of the Inter-Agency Electronic Grants Committee (IAEGC) and Federal agency representatives and is working with the three IAEGC subcommittees. The IAEGC continues as a separate body with a mission that is broader than implementation of the Act.

The Federal Grant Streamlining Program



As indicated in this initial plan, the work groups' approach involves

- ◆ analyzing data to determine the scope of the undertaking; identifying a representative sample and other subsets of Federal programs; establishing a baseline of current Federal agency forms, instructions, and requirements; and considering public comments;
- ◆ questioning the rationale for current requirements, particularly requirements that are not uniform across Federal agency programs with similar purposes and types of recipients, to determine candidates for elimination, streamlining, or improvement; and
- ◆ assisting OMB to develop recommendations for the GMC and Congress.

The work groups are operating on parallel tracks. There is extensive coordination among them. For the remainder of this plan, rather than refer to efforts of individual work groups, the language will recognize that we are engaged in unified implementation of the Act.

PUBLIC CONSULTATIONS

One cornerstone of the interagency effort is consultation with representatives of non-Federal entities that apply for and receive Federal grants. The consultation process began soon after enactment of P.L. 106-107, when several agencies posted information about the Act on the Web and requested comments and suggestions about the Federal grant process. As the agencies received input, they shared it with other Federal agencies and the FGSP.

The GMC reinforced and expanded those early efforts in two ways. First, it created a central Web site at <http://www.financenet.gov/fed/cfo/grants/grants.htm> for information about the interagency process in general and the work groups more specifically. Second, the GMC conducted five public consultation meetings with recipient constituencies—(1) States, (2) local governments, (3) Native American tribes and tribal organizations, (4) universities and non-profit organizations that conduct research, and (5) other non-profit organizations.

The agencies published an interim/draft plan of action to implement the Act in the *Federal Register* (66 FR 4584) on January 17, 2001. That notice requested comments on the Federal grant process and on the goals and objectives outlined in the plan. It also asked respondents to provide their comments in five specific areas:

- ◆ Application and reporting forms
- ◆ Terms and conditions
- ◆ Payment systems

- ◆ Audit
- ◆ Electronic processing.

The public comments provide us with valuable insight on issues that we will consider as we implement the Act. The comments include specific examples by agency and program and some concrete suggestions for improvement. The public also raised general issues related to Native American tribal entities and rural organizations, such as access to information and availability of technology. The public comments are posted on the GMC Web site. Appendix C to this initial plan includes a summary of the issues identified in the public comments.

Some of the comments related to pre-award activities indicate a need for clarity of information (e.g., clear statements of eligibility) and an increase in the time allowed for application preparation and submission. The comments also call for greater commonality in award, post-award reporting, and payment across agencies. There is widespread support in the non-Federal constituencies for making the process less paper-intensive and using the electronic option. However, throughout the public consultation process, some of the non-Federal participants reminded the Federal agencies of the real limitations (e.g., personnel, equipment, and access) they face and their need for training and technical assistance.

In developing the initial plan, we have been sensitive to the differences among organizations, in terms of type and size, as well as to their special situations, such as those of Native American tribal governments and rural entities. We do not believe, nor do recipient constituencies, that a “one-size-fits-all” approach should be used to achieve the purposes of the Act, unless analysis shows such an approach is warranted in particular instances. In addition, we are considering the special needs of individuals with disabilities in obtaining information and participating in the grant process, regardless of their organizational affiliation.

LESSONS LEARNED AND MOVING FORWARD

We recognize the opportunities presented by the Act as well as the vastness of the undertaking. We will carry out the mandate and the challenge provided by the Act through the interagency work group structure, collaboration among affected constituencies and other partners, and reliance on technology to achieve meaningful change in Federal grant administration.

This cooperative effort is a multi-year task, with the Act ceasing to be effective on November 20, 2007. As implementation of the Act progresses, we will refine the goals and objectives cited in this initial plan and, as appropriate, identify additional goals, objectives, and solutions. The implementation process will evolve as we or others (e.g., recipients, Congress) identify problems that need addressing and we devise ways to solve them. The outcome will be improved effectiveness, performance, and delivery of services to the public.

We are committed to making needed improvements and changes to the grant process. Those improvements are not only those that affect applicants and recipients, but ones that affect Federal agencies. Our further challenge is to sustain these improvements and continue to evaluate the effectiveness of the process and make changes as necessary. However, we appreciate that not all of the complexities of grant administration can be eliminated through administrative solutions or improvement in the grant process (e.g., some statutory changes may be necessary).

To make lasting improvements, we need to recognize our mutual interests as Federal agencies and work closely with stakeholders. To realize the goals of e-government, we also need to take advantage of the opportunities offered by technology. We will pursue strategic partnerships with industry and learn from its experiences in moving from paper to electronic processes. In addition, we can create incentives or other approaches for industry to provide the latest technologies for use in Federal grant administration as quickly and cost-effectively as feasible. There are several new acquisition tools that we may consider for this purpose, all of which are authorized for Federal government use. For example, one incentive approach is “share-in-savings” (i.e., a contracting strategy that requires little or no up-front funding, allows payment from the savings or added revenue generated by the purchase, and places most of the risk on the contractor).

We need better communication and coordination to develop consistent approaches and requirements and a shared process to maintain that consistency. For example, we can achieve greater commonality by using standard formats for applications, awards, and reports. Where standards are adopted, we should justify to OMB or other responsible authority use of additional or alternate requirements.

We need to take advantage of available means to provide recipients with the ability to propose innovative arrangements to carry out programs. This includes increased use of waiver authorities. To ensure that the benefits of any proposed waivers are realized, we must have a process in place to review and take timely action on waiver requests.

Our efforts will continue to build on our experiences with recent and ongoing streamlining initiatives, whether undertaken by individual agencies or more generally. We will consider successful initiatives as models for broader application to all Federal agencies, related Federal programs, and as many types of recipients as feasible.

CONTENT OF THE INITIAL PLAN

The initial plan for implementation of the Act addresses the life cycle of the grant process, and supporting processes, systems, and standards, as well as other issues. It addresses goals, objectives, approach, status, and accomplishments. The planned changes and improvements are based, in large part, on the issues identified by the public.

The initial plan is divided into the following categories: the life-cycle components of the grant process; supporting systems, standards and processes; and general issues.

Appendix A is a list of signatories to the initial plan. Appendix B is a listing of the designated lead agency officials, as required by subsection 5(a)(4) of the Act. Appendix C contains a summary of the public comments, including those received at the GMC Web site and the HHS Web site, during the five consultation meetings, and in response to the *Federal Register* notice. Appendix D is a listing of the agencies' payment system selection. Appendix E includes the Act.

The Initial Plan

OVERVIEW

This plan is organized into three major sections. The first section focuses on the life-cycle components of the grant process—pre-award, post-award, and crosscutting aspects. The second section addresses processes, systems, and standards that support the life-cycle components—electronic processes and financial management systems standards. The third section includes general issues that relate to particular constituencies or to the overall management of the grant process. Each section of the plan includes goals and objectives, status and target information, and a reference to applicable public comments. Appendix C contains a summary of the public comments. We are continuing to analyze these comments as part of our implementation of the Act.

As used throughout this plan, “grant process” characterizes activities related to mandatory grants as well as to discretionary grants and cooperative agreements awarded to all types of entities.

LIFE-CYCLE COMPONENTS

Although there are variations in the specific requirements of each component of the life cycle for different types of grants or recipients, the life cycle generally includes

- ◆ legislative authorization and appropriations;
- ◆ announcement of a funding opportunity by a Federal program;
- ◆ preparation and submission of applications by non-Federal organizations to the sponsoring agency;
- ◆ award to those entities meeting eligibility and program requirements and that are selected for funding following a merit or other comparative evaluation of applications;
- ◆ post-award performance and administration by the recipient in accordance with the terms and conditions of award, including general administrative requirements and cost principles;
- ◆ reporting on financial and programmatic performance and other activities, such as inventions and environmental impact, as applicable;
- ◆ agency monitoring and technical assistance;

- ◆ payment;
- ◆ audit; and
- ◆ closeout.

Government-wide and agency processes, systems, and standards support the grant life cycle. They are intended to provide the foundation for agency and recipient compliance with Federal laws, regulations, and requirements, including fiscal accountability. With the advent of advanced technology and a greater appreciation of the burdens the Federal grant process places on recipients, we need to recognize how our processes, systems, and standards affect recipient business processes.

Approach

In response to a requirement in OMB's FY 2000 appropriations act, in March 2000, the Federal grant-making agencies provided the Office of Management and Budget (OMB) with an inventory of the application and reporting forms and administrative requirements used in their grant programs (as listed in the *Catalog of Federal Domestic Assistance* [CFDA]). These inventories serve as a baseline of all grant forms currently in use and are the beginning point for much of the analysis contributing to this plan.

The agencies are using samples of the hundreds of programs included in the inventory or, as appropriate, the universe of forms in the baseline (e.g., all property reports) to answer the following questions:

- ◆ "What is?"
- ◆ "Why?"
- ◆ "What should be?"

In the first step, "What is?," we are establishing a profile of agencies' current practices and will determine where differences exist. In the second step, "Why?," we will explore the bases for those differences, which will lead to an evaluation of whether the differences are justified. Even in cases where a policy, procedure, or form is uniform across agencies and programs, we still will consider the potential for streamlining or simplification. In the third step, "What should be?," we will consider whether and how streamlining or simplification can be accomplished. In this step, if we used a sample, we will extrapolate from those findings and apply them to the appropriate universe (e.g., all research grants). The outcomes may involve changing Federal agencies' internal policies or procedures; revising existing, or establishing new, Executive branch policies; or proposing legislation where changes in statutes are prerequisite to streamlining or simplification.

Specifically, we are asking if and to what extent we can

- ◆ ensure that information is requested once only, at the appropriate time and in the appropriate document;
- ◆ establish paper and electronic common forms/formats and standard sets of data elements with common definitions for applications and reports; and
- ◆ develop instructions in plain language for providing required information.

Although our initial efforts are focused on administrative requirements that are common across grant programs (e.g., format for funding announcements, payment), we also will apply this approach to requirements of programs that serve similar purposes that are administered by different Federal agencies. We are reviewing information in the CFDA and in our Government Performance and Results Act (GPRA) submissions to determine if those documents can be used to identify these programs. We will involve the users of the information (e.g., grant managers, program managers, recipients) in making these determinations and in developing any common forms/formats and standard sets of data elements. We also will consider the special circumstances of certain types of groups, such as Native American tribal entities, rural entities, and small organizations.

Pre-Award

Goal: To reduce unnecessary burdens on applicants for, and recipients of, Federal grants.

Objectives: To streamline, simplify, and improve announcements of funding opportunities and related business processes; application requirements and procedures; and award documents.

In the pre-award part of the grant life cycle, which includes activities through award, (potential) applicants

- ◆ identify funding opportunities, including eligibility requirements and areas of Federal program interest,
- ◆ submit pre-applications and, if appropriate, applications, and
- ◆ receive award notification, including the terms and conditions of award, or notification that the application was unsuccessful.

Public comments on this part of the grant life cycle indicate the need for more consistency and clarity in announcement language and application requirements, less redundancy in information applicants must submit, and clear communication of award requirements.

ANNOUNCEMENTS AND RELATED BUSINESS PROCESSES

We are examining a number of questions about the form and content of announcements (including program announcements, notices of funding availability, research announcements, and other forms of solicitation). Among the questions we are asking are if Federal agencies should and, if they should, how they can

- ◆ develop a standard format or organization for announcements (Analysis thus far suggests the potential for making announcement formats more consistent);
- ◆ state more clearly in announcements how cost sharing will be considered;
- ◆ set a minimum time that announcements will give applicants to prepare applications (and pre-applications, when a Federal agency uses them);
- ◆ specify standard ways to define what constitutes a late application; and
- ◆ establish a common location for publishing summary information about Federal grant opportunities on paper for applicants who do not have Web access. This would parallel electronic sources of that information (through the Federal government's "FirstGov" portal, the CFDA Web site, and the FedBizOpps Web site).

Target

September 30, 2001—Complete the baseline of current practices related to announcements and related business processes in the sampled programs. Assess the reasons for differences in approach among Federal agencies and programs.

We will give priority to areas that address concerns expressed by the public, especially those that can result in near-term improvements. Most likely, one of these areas will be the development of standards for announcements.

APPLICATIONS

This part of our review is examining the general cover information, budgetary information, and certifications and assurances that Federal agencies require applicants to submit at the time of application, on paper or electronically. Because accompanying narrative information largely is program-specific, that portion of the application material is less amenable to streamlining or simplification across agencies or across programs with diverse purposes. In addition to those questions indicated under "Approach" above, among the questions we are asking are whether and how Federal agencies can

- ◆ establish a standard set of data elements for the general and budgetary information that applicants must submit. This effort will consider the current Transaction Set (TS) 194, approved by the National Institute of Standards

and Technology (NIST) as an American National Standards Institute (ANSI) standard for use in electronic data interchange transactions, and, if possible, streamline the elements in the associated data dictionary. The TS 194 is one of a number of transaction sets developed to facilitate the conduct of business electronically. Transaction sets, which are standard sets of data elements in electronic formats, and associated data dictionaries are accepted as industry and government standards. They are the means to ensure that electronic transactions are conducted in a like manner; and

- ◆ eliminate certifications or assurances that are found to be unnecessary, establish common language for others, and generally improve the process for obtaining them and for sharing information about them among Federal agencies. The need for a certification or assurance generally is based in a national policy requirement established in statute, regulation, or Executive order. The agencies vary in how they implement these requirements, including what they require applicants to submit and whether they rely on pre-award assurances of compliance and/or include the requirements in award terms and conditions. We also will review certifications and assurances for other than national policy requirements. (Analysis thus far indicates opportunities for more standard treatment of certifications and assurances.)

Target

September 30, 2001—Complete the baseline of application requirements, including the use of certifications and assurances, in the sampled programs. Assess the reasons for differences in approach among Federal agencies and programs.

Significant time is required to review the hundreds of data elements currently contained in myriad application forms and formats, consult with Federal and non-Federal users, and develop the set of core data elements for applications.

AWARDS

The focus of this activity is on consistent, clear language and terminology for both general cover information in award documents and award terms and conditions. Terms and conditions include the provisions that specify administrative requirements. Our emphasis is on what subjects the terms and conditions address, how they are phrased, and where they are placed within the award.

Among the questions we are asking are whether and how we can

- ◆ establish a standard set of data elements for the general cover information in awards. This effort will consider the current TS 850, approved by NIST as an ANSI standard for use in electronic data interchange transactions. If possible, we will streamline the elements used in grants. (Analysis thus far indicates an opportunity to present information concerning funding, per-

formance period, and other details of the award with greater consistency in format.);

- ◆ eliminate agency terms and conditions found to be unnecessary;
- ◆ develop common language for award terms and conditions, including administrative and national policy requirements; and
- ◆ achieve greater uniformity in placement of terms and conditions within award documents.

Target

September 30, 2001—Complete the baseline of current practices related to awards in the sampled programs. Assess the reasons for differences in approach among Federal agencies and programs.

Post-Award

In the post-award part of the grant life cycle, among other things, recipients

- ◆ perform in accordance with award requirements;
- ◆ submit required progress, financial, and other reports (including audit reports, which are treated in a separate section of this plan). Federal agencies ensure that these are received on time and are evaluated and any necessary feedback is provided; and
- ◆ request payment as specified in the award.

During the post-award part of the life cycle, we monitor recipient performance and may provide technical or other assistance to contribute to better outcomes.

The public has identified issues concerning the number of program-specific forms in use, the required frequency and level of detail of reports, duplicate reporting, and means of report submission (on paper and electronically).

REPORTING AND RELATED BUSINESS PROCESSES

Goal: To streamline and simplify Federal grant reporting requirements and procedures and associated business processes to reduce unnecessary burden on recipients and to improve the timeliness, completeness, and quality of the information collected.

Objectives: To streamline and simplify standard and unique report forms, allow for electronic submission of reports, achieve greater uniformity in Federal business processes for reporting, and improve reporting by recipients.

In the reporting area, we are using the approach described at the beginning of this section to review the standard financial reporting forms (i.e., the Financial Status Report [SF-269] and the Federal Cash Transactions Report [SF-272]) and agency-specific or unique reporting requirements as well as related business processes. Our review includes not only the potential consolidation and conversion to an electronic format, but also the basis for requiring the information in a post-award report. We will recommend appropriate standards, including standard data elements, to the extent that the information should be collected at all or as part of post-award reporting. Our analysis thus far suggests that, for other than standard forms, property (real property, equipment, intangible property, and debt instruments), invention reporting, and environmental reporting are candidates for change.

We have developed a model for business processes related to financial reporting using the standard forms. For a subset of the agencies, the model is being compared against those agencies' processes for financial reporting.

In addition, we are trying to achieve greater uniformity in our business processes related to reporting, such as eliminating unnecessary differences in the number of copies we require and the frequency with which we require reports. The reporting process for recipients will improve when we simplify and streamline our reporting requirements, have more commonality among agencies and programs, and allow recipients to submit reports electronically. We anticipate that these changes also will improve the timeliness, completeness, and quality of information we receive from recipients. Our initial focus for further improving recipient reporting is on technical assistance and training and identifying best practices in the Federal agencies.

<p>Targets</p>

<p>September 30, 2001—Complete the baseline of reporting forms.</p>

<p>September 30, 2001—As part of determining the potential for conversion to electronic submission, complete the assessment of reporting procedures associated with the standard financial reporting forms.</p>

<p>September 30, 2002—Complete assessment of the standard financial reporting forms for potential modification and creation of an electronic transaction set, and begin financial reporting pilots.</p>

PAYMENT

Historically, agencies have made grant payments directly using their own proprietary systems or entered into arrangements with payment systems that serve multiple agencies to make payments on their behalf. Therefore, recipients might receive payments from multiple payment systems, each with its own set of requirements and processes, which creates a considerable administrative burden.

This situation has not improved with the increase in electronic methods of payment.

Public comments indicate concerns with the multiplicity of payment systems and related requirements, including the level of detail required in documentation to support payment requests, and duplicate reporting. Public comments also indicate that significant resources are required to obtain payment and reconcile accounts.

Payment Systems

Goal: To streamline and simplify the payment process used to transfer cash from Federal agencies to recipients.

Objectives: To reduce the number of grant payment (or “cash drawdown”) systems used and their cost of operation, and develop a common-front-end for those payment systems designated by the Chief Financial Officers (CFO) Council for use by Federal grant-making agencies.

In 1998, the CFO Council undertook a full review of the capabilities of the various Federal grant payment systems and designated two payment systems for use by Federal civilian grant-making agencies subject to the CFO Act and a third by the Department of Defense (DoD). For civilian agencies, those systems are the Automated Standard Applications for Payment System (ASAP) operated by the Department of the Treasury’s Financial Management Service and the Federal Reserve Bank of Richmond, and/or the Payment Management System (PMS) operated by HHS. All DoD components are to use the Defense Procurement Payment System (DPPS).

The transition to use of those payment systems consists of a series of steps. Federal grant-making agencies were directed to select by January 1, 1999, one or more of the payment systems designated by the CFO Council. By October 1, 2000, agencies were required to implement the selected system. (Between October 1, 2000, and September 30, 2002, the agencies are permitted to continue use of their proprietary systems as well as offering use of one or more of the systems designated by the CFO Council.) System selection by the civilian agencies is approximately 96 percent complete as indicated in Appendix D.

In addition, even with a limited number of payment systems, they should appear identical to recipients (i.e., it should be transparent to the recipient whether payment is being requested through ASAP, PMS, or DPPS). ASAP, PMS, and DPPS will work with their customer agencies and recipients to create a common-front-end.

Target

October 1, 2002—Deadline for affected Federal grant-making agencies to use only CFO Council-designated payment systems.

Pooled Payments

Goal: To ensure that the methods of requesting and obtaining cash payment meet the needs of recipients and their Federal awarding agencies.

Objective: To establish a government-wide position on making the pooling method of requesting and issuing cash payments available to institutions of higher education, hospitals, and other non-profit organizations.

Under a pooled payment process, the recipient estimates the aggregate amount of cash that it will need for all its Federal awards from each awarding agency and requests the payment system to disburse its respective amount of cash. The payment system issues a payment and records it by allocating the amount disbursed among all the affected awards based on a formula. When the recipient reports actual expenditures, the awarding agency adjusts its records from the allocated amount to the reported actual amount for each award. The alternative to pooling is for a recipient to request cash draws on an award-by-award basis. Both of these drawdown methods are in use currently.

In May 2000, OMB published in the *Federal Register* (65 FR 25396) an advance notice of proposed revision to OMB Circular A-110. The notice sought comments from Federal agencies and recipients on the merits of pooled payment systems and grant-by-grant payment systems, in response to a Grants Management Committee (GMC) proposal to have OMB amend Circular A-110 to require Federal awarding agencies to offer recipients the option to request cash advances on a pooled basis. Considering the comments received and after further consultation, generally the agencies are committed to promoting use of the pooling method for payments under Federal grants. Our review and analysis of the comments also demonstrates that mandating pooled payments in all cases would not be in the best interests of the agencies or recipients.

Target

September 30, 2001—Publish a *Federal Register* notice to communicate the final policy decision on use of pooled payments, and specify the conditions under which pooled payments or award-by-award payments should be used.

Cross-Cutting Aspects of the Life Cycle

GENERAL ADMINISTRATIVE REQUIREMENTS

Goal: To streamline and simplify government-wide general administrative requirements.

Objectives: To simplify and standardize, to the extent appropriate, general administrative requirements, in particular those that originate in OMB Circulars A-102 and A-110, and agency treatment of them in the terms and conditions of award.

General administrative requirements include those requirements originating in OMB Circulars A-102, *Grants and Cooperative Agreements to State and Local Governments*, and A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*. Although each circular applies to different sets of recipients, many of the subjects they treat are the same; however, in some cases, the circulars vary in how they treat those subjects. In addition, we differ in how we refer to our implementation of the circulars in our awards. For example, we may reference the circular and/or an agency regulation or we may incorporate language in full text. In part, this variation is due to earlier efforts when revising OMB Circular A-102 to separate areas of Federal responsibility from those requirements to be applied to recipients. We did not use a similar approach when revising OMB Circular A-110.

Statutes, regulations, and Executive orders also may create administrative requirements to be applied to recipients generally, but do not provide implementing language. We have each developed our own implementations, which sometimes differ in approach or detail.

We will

- ◆ determine if the differences between OMB Circulars A-102 and A-110 should continue;
- ◆ assess the extent to which the agency implementations of OMB Circulars A-102 and A-110 or other agency administrative requirements vary from the circulars, and reduce or eliminate those variations, as appropriate (which will be accomplished as part of our review of terms and conditions); and
- ◆ determine the need for common language or other recommendations for change in government-wide or multi-agency statutory, regulatory, and Executive order requirements (for requirements not already covered by our review of certifications and assurances).

Target

Recommend to OMB (through the GMC) whether to make changes to OMB Circulars A-102 and A-110. This may include both recommendations for substantive areas that should address the same subject using common language and for approaches to implementing the circulars.

NON-PROCUREMENT DEBARMENT AND SUSPENSION

Goal: To update, streamline, and simplify the government-wide common rule on non-procurement debarment and suspension.

Objectives: To provide better protection for Federal programs, make the common rule clearer and easier to use, and reduce unnecessary requirements for recipients.

The debarment and suspension procedures are intended to prevent poor performance, waste, fraud, and abuse in Federal procurement and non-procurement actions. Debarment or suspension of an organization, commercial firm, or individual from doing business with the Federal government is not meant to be a punishment, but is rather a procedure to ensure that federally funded activities are conducted legally with responsible entities.

The Interagency Committee on Debarment and Suspension, which was constituted under Executive Order 12549, "Debarment and Suspension," is conducting a focused review of current debarment and suspension procedures. Pursuant to Executive Order 12689, "Debarment and Suspension," the review will reconcile unnecessary differences between the government-wide common rule on non-procurement debarment and suspension and the corresponding rule for Federal agencies' procurement contracts, which is in the Federal Acquisition Regulation.

By using plain language and otherwise simplifying the requirements of the common rule, the committee expects to improve understanding of the requirements of the rule, contributing to compliance and protection of Federal program interests. The committee also is drafting the rule to give Federal agencies flexibility to use assurances of compliance and to obtain them periodically from recipients on an institutional basis. This streamlines the requirement of the current rule to obtain a certification from each applicant (including each unsuccessful applicant) with each application it submits. Institutional assurances can reduce burdens on recipients and provide the same level of recipient compliance and protection of Federal programs.

Targets

September 30, 2001—Federal agencies issue a formal Notice of Proposed Rule-making to update the common rule.

June 30, 2002—Agencies publish a final rule.

COST PRINCIPLES

Goal: To ensure that the cost principles in OMB Circulars A-21, A-87, and A-122 are current, consistent, and appropriate for covered recipients.

Objectives: To make the descriptions of similar cost items consistent, where possible, and reduce the possibility of misinterpretation by clarifying existing policies rather than by adding restrictions or modifying current requirements.

The three OMB cost circulars, A-21, *Cost Principles for Educational Institutions*, A-87, *Cost Principles for State, Local and Indian Tribal Governments*, and A-122, *Cost Principles for Non-Profit Organizations*, provide government-wide guidelines for costs incurred under Federal grants. These cost principles specify allowable and unallowable costs. The three circulars apply to different types of recipient organizations and were developed separately. Consequently, they use different language to describe similar cost items, sometimes causing inconsistent interpretations by Federal staff, recipients, and auditors.

Public comments indicate the need for language that is more consistent and clarification regarding some aspects of the cost principles.

Our focus is on the definitions in the circulars and the 30 cost items that appear in all three cost circulars. We will draft common descriptions for those cost items that should have similar treatment, but are described differently. If cost items are in one or two, but not three, of the circulars, we will review those cost items to determine if it would be appropriate and beneficial to recipients to include them as guidance in one or more of the other cost circulars. If so, we would accomplish this without changing the current policy in that circular. We also are considering the feasibility of using plain language in the cost circulars to make it easier for recipients to interpret and apply the cost principles consistently.

Our approach includes

- ◆ reviewing the cost item descriptions in the circulars;
- ◆ noting the similarities and differences in the descriptions;
- ◆ researching the history of the cost policies related to the cost item;
- ◆ determining if the cost policies are consistent among the circulars; and
- ◆ preparing common language, where possible, for the descriptions of those cost items that have a consistent cost-policy basis.

Targets

September 30, 2001—Publish in the *Federal Register*, for public comment, common language and descriptions of cost items that have similar treatment.

May 20, 2002—Determine whether and to what extent to use plain language in the cost principles.

AUDIT

Goal: To ensure that audits provide useful and reliable information to Federal agencies and pass-through entities and that recipient audits are in compliance with Federal audit requirements.

Objectives: To have single audits that meet Federal oversight needs; to maintain a *Single Audit Compliance Supplement* that has up-to-date information on Federal requirements; to explain the single audit process for Federal agency and recipient staff; to verify that single audits are conducted as required; and to provide the services through the Federal Audit Clearinghouse (FAC), including the Web site and the SF-SAC form, that meet Federal needs.

Audit requirements cut across the pre-award and post-award components of the life cycle. Non-Federal audits are required annually in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Other Non-Profit Organizations*. The circular implements the Single Audit Act Amendments of 1996 (31 USC Chapter 75). OMB Circular A-133 requires non-Federal entities (State and local governments and non-profit organizations) that expend \$300,000 or more in a year in Federal funds to have an independent audit for that year.

Non-Federal entities, including pass-through entities, and Federal agencies use audit reports to ensure that Federal awards are expended in accordance with applicable laws and regulations. Federal agencies and pass-through entities also may use audit results as the basis for program decisions, including any necessary restrictions on awards.

The public has identified several issues related to audit, while also indicating that the OMB Circular A-133 audit process generally works well. These issues relate to understanding the A-133 audit process, recipient monitoring and audit responsibilities for subrecipients, and duplication of audit activity.

OMB Circular A-133 requires audited entities to submit a completed audit package to the FAC, maintained by the U.S. Bureau of the Census. Completed audit packages include (1) a reporting package that includes the audit report and (2) a completed Form SF-SAC, “Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations.” The SF-SAC is based on information in the reporting package. The form, which must be signed by both the auditor and recipient, is used by the FAC to populate a government-wide sin-

gle audit database. In January 2000, the FAC released an electronic version of the SF-SAC, which provides for automated data entry, and which is available at <http://harvester.census.gov/sac/>. Through March 2001, approximately 2,000 entities have elected to submit their SF-SACs using the Internet.

Federal agencies, OMB, the General Accounting Office, pass-through entities, other non-Federal entities, auditors, and the public use the database to obtain management and financial information about Federal awards and the results of audits. It also is used to ensure proper distribution of audit reports to Federal agencies and to identify non-Federal entities that have not filed reports. This database, revised in June 2000, now contains data for more than 100,000 audits, covering audit years ending between 1997 and 2000.

Federal awarding agencies are responsible for ensuring audits are completed and received by the FAC on time. The Federal cognizant/oversight agency provides technical advice to auditors and non-Federal entities and determines the quality of the work performed by auditors.

Meeting Federal Oversight Needs

Federal agencies need assurance that audits cover high-risk program areas and that the work of an auditor conducting a single audit is reliable. Federal program officials do not always understand the audit process well enough to interact effectively in that process. Quality Control Reviews (QCRs) of single audits have revealed issues with audit quality; however, criteria for selecting audits to review have not been standard. Therefore, we are conducting a survey on how cognizant or oversight agencies determine audits to review. This assessment includes the process for selecting single audit work for QCRs to determine if QCRs can provide a basis for assessing the overall reliability of the single audit process.

We will work with the President's Council on Integrity and Efficiency to survey Federal Inspectors General to determine how they plan and conduct QCRs and the current level of QCR activity. We will use the results to gauge the extent to which we should rely on the QCR process as the principal indicator of audit quality, and whether we should explore additional or alternative approaches.

<p>Target</p>

<p>September 30, 2001—Complete survey of current Federal QCR activity and processes.</p>
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<p>Depending on the results of the survey, we will determine if any additional actions are needed to provide assurance of audit reliability.</p>
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Maintaining the Single Audit Compliance Supplement

The Compliance Supplement contains information on requirements that are material to Federal programs. The Compliance Supplement is Appendix B of OMB

Circular A-133 and replaces audit guides and other documents used in auditing individual Federal programs. By using the Compliance Supplement, auditors can determine the major areas to audit without a detailed review of Federal program legislation, regulations, and grant terms.

Every year, Congress authorizes new programs and substantial changes are made to existing program requirements, through law or regulation. Federal agencies, working through a core team under OMB auspices, monitor these changes and provide timely changes to the Compliance Supplement to ensure that auditors have the most up-to-date information. OMB issues the Compliance Supplement every April. Notice of availability for the 2001 Compliance Supplement was published in the *Federal Register* on April 9, 2001, and concurrently made available on the OMB Web site at <http://www.whitehouse.gov/omb/grants/index.html>.

Target

April 30, 2002—Issue the 2002 Compliance Supplement.

Improving the Single Audit Process

We determined that recipients and Federal program managers need an informational pamphlet summarizing the elements of the audit process and indicating how those elements are related. To meet this need, we developed a plain-language pamphlet to be available on paper and electronically. The electronic version will be available on the CFO Web site at <http://www.financenet.gov/financenet/fed/cfo/grants/grants.htm>.

In addition, we are considering the expectations of Federal and non-Federal customers of the single audit process. From this analysis, we may recommend changes to the Single Audit Act or OMB Circular A-133. We also will consider training and information needs of grant-making agencies, recipients, and auditors.

Targets

May 30, 2001—Publish the plain-language pamphlet electronically and on paper. Distribute about 40,000 printed copies to recipients, Federal program managers, and others.

July 1, 2001—Complete evaluation of customer expectations of the single audit process.

January 1, 2002—Make recommendations for changes to the Single Audit Act or OMB Circular A-133 and develop strategies for change, if necessary.

Completing Required Audits

Approximately 31,000 non-Federal entities are required to complete an annual audit and submit the results to the FAC. Currently, there is no single database, or

even a limited number of databases, that can identify aggregate disbursements of Federal funds under all Federal grant awards to any given recipient. This limits our ability to identify entities that are delinquent in submitting required single audits. We are studying the possibility of using available databases, such as those used for grant payments, to estimate the aggregate amount of annual expenditures of Federal funds by individual non-Federal entities.

Target

September 30, 2001—Develop a government-wide plan to identify delinquent audits.

Improving the Federal Audit Clearinghouse

We are trying to improve the services provided by the FAC to auditors, Federal agencies, and recipients consistent with the purposes of the FAC. These services include those provided through the Web site, including a database and online query system for Federal agency program managers and audit personnel. The FAC Web site also has online SF-SAC submission capability used primarily by recipients and auditors.

The FAC requested users of its Web site to make comments and suggestions for improving its usefulness. Following any changes from these efforts, the FAC will review the Web site annually and make changes as needed. A Federal users group also meets periodically with the FAC staff to explore ways to make the FAC more useful to them and their recipients.

Target

June 30, 2001—Recommend changes to FAC operations following review of Federal agency comments and results of focus groups.

Revising the SF-SAC Form

The SF-SAC form provides a large quantity of information on single audits; however, some aspects of the form have caused high rejection rates. In addition, some data available in audit reports could be of value to Federal agencies and pass-through entities if it were included in the form. We plan to change the form to improve its usefulness and lower the rejection rate. On July 11, 2000, proposed changes to the SF-SAC were published in the *Federal Register* (65 FR 42735).

Target

May 30, 2001—Publish notice of the revised form in the *Federal Register* and post on the FAC Web site. The revised form will be required for audits of recipient fiscal years ending on or after January 1, 2001. As experience is gained with use of the revised form, additional changes may be considered.

SUPPORTING PROCESSES, SYSTEMS, AND STANDARDS

Electronic Processes

Goal: To implement the streamlined and simplified processes electronically.

Objectives: To fully develop and implement the Federal Commons, and ensure that any revised electronic data standards are interoperable and present a common face to grant-making agencies, applicants and recipients.

Electronic processes support all aspects of the grant life cycle and, therefore, many of the goals and objectives outlined in the previous sections of this plan. For example, in the application and reporting areas, there is a need to determine not only what data elements are necessary and appropriate, but how to translate that content into the electronic data standards and processes required to exchange grant information electronically between recipients and Federal agencies.

FEDERAL COMMONS

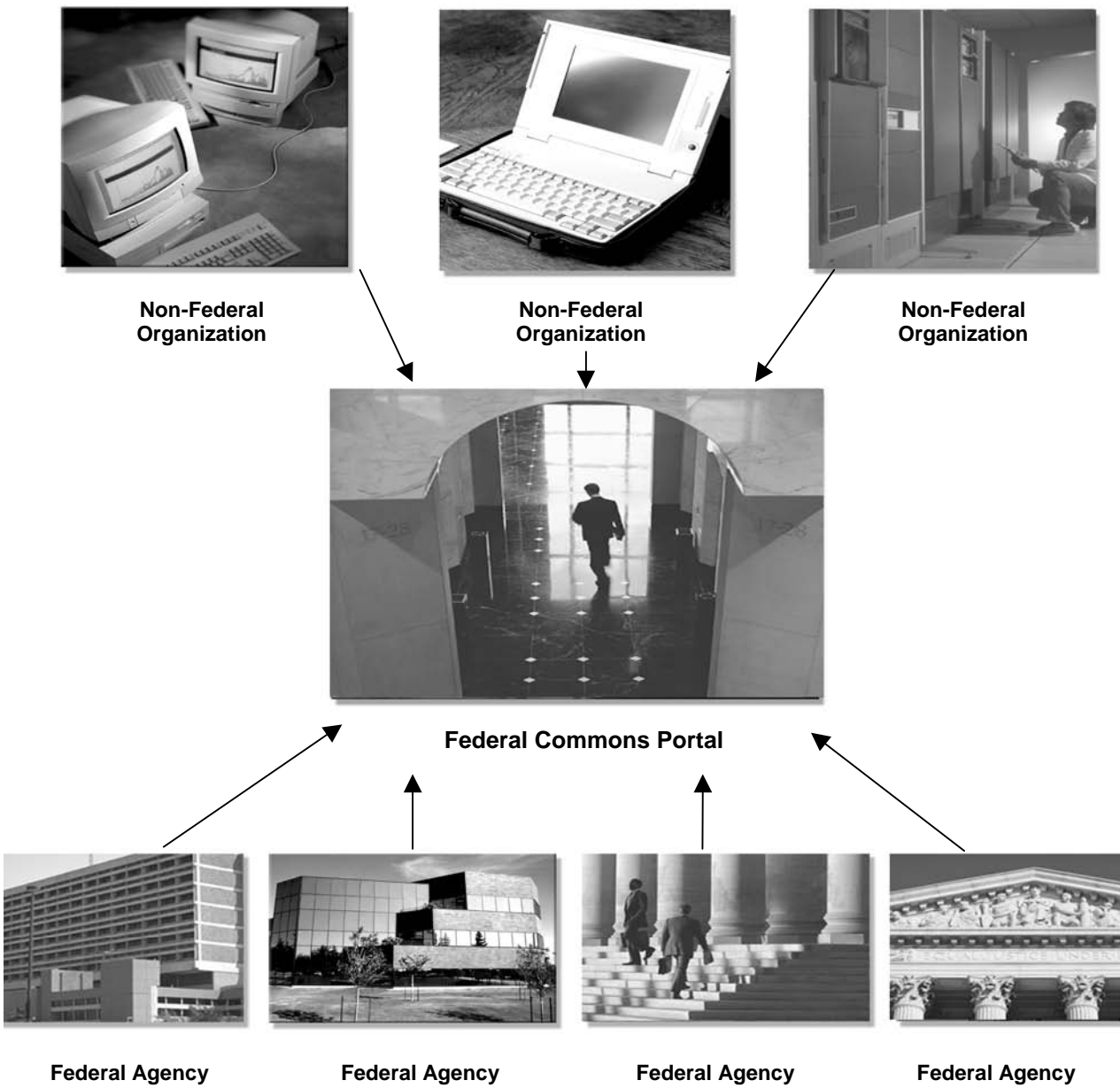
The Federal Commons will serve as the common face for e-commerce over the entire grant life cycle, offering both general information exchange and secure electronic transaction processing. It will be a portal allowing each recipient to access the Federal government electronically through a single point of entry. The Federal Commons will translate various technology options available to the recipient community into a single data standard for transmission to the Federal agencies and will provide electronic access to grant and business process information. This information includes databases containing organizational and professional profiles and required certifications and assurances.

The Federal Commons is intended to provide

- ◆ a Web-based gateway and a searchable synopsis of grant programs and funding opportunities through the Federal government's "FirstGov" portal, the CFDA Web site, and the FedBizOpps Web site (access and communication among these sites will be simple and transparent to the user);
- ◆ potential recipients with infrastructure services, such as registration, logon, account administration, and profile administration;
- ◆ electronic business process services, such as application (proposal) submission, application status query, award notification, post-award reporting, and common-front-end-to-payment systems; and
- ◆ integration of grant-making agency processes into the Federal Commons.

Agency interface with the Federal Commons will use standard data elements. If agencies use data-based processes, this may be accomplished by simply mapping between systems. If agency systems use text-based processes, we expect that initial links to text will be replaced by systems that capture text as data elements at

the point of origin, such as Web form entry of announcement data (e.g., program



title, agency name, amount of funding, eligibility).

Federal Commons Concept

In response to the recipient community's expressed need for a "common face" in electronic grant transactions, the Inter-Agency Electronic Grants Committee (IAEGC) successfully completed a proof-of-concept pilot in FY 1999, whereby the Federal Commons acted as the single point of entry to two Federal agencies.

In FY 2000, five pilot projects were completed. Four of them relate to infrastructure functions, including

- ◆ user registration (single logon to reach multiple agencies);
- ◆ account administration (recipient organization empowered to authorize multiple users for the organization);
- ◆ organization profile (single repository of basic information about the organization to be shared with multiple agencies); and
- ◆ professional profile (detailed biographical information in a single repository to be available for multiple applications and/or multiple agencies).

The fifth pilot involved application status checking, whereby an applicant organization, using a single query, can retrieve information on the status of one or more applications, regardless of agency.

In October 2000, the linked Web sites of the Federal Commons and the CFDA were further linked to the government-wide “FirstGov” Web site.

In May 2001, the FedBizOpps Web site became operational for limited use by selected Federal agencies and Interagency Edison (operated as a stand-alone system at the National Institutes of Health) became available for invention reporting through the Federal Commons.

The further development of the Federal Commons is now tied closely to the pre-award and reporting streamlining and simplification objectives. Therefore, certain aspects of developing the Federal Commons will involve requirements defined by the responsible work group.

The public comments indicate continued support for completion of the Federal Commons. Those comments indicate a readiness to use electronic means of doing business during the entire grant life cycle.

<p>Targets</p>

<p>November 2001—For research grant applications, implement an electronic data interchange (EDI) pilot module through the Federal Commons.</p>
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<p>May 2002—Complete development of and test agency integration toolkit.</p>
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<p>FY 2002—The Federal Commons will move from its development site at NIH to its own production site and will operate completed modules.</p>
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<p>September 2002—Conduct pilot testing of post-award financial reporting module, the requirements for which will be identified as part of the post-award reporting streamlining and simplification goal.</p>

FY 2003—As testing is completed, additional modules (e.g., reporting) will become operational.

ELECTRONIC PROCESSES IN SUPPORT OF GRANT PROCESS STREAMLINING

The IAEGC and its subcommittees have a process for eliciting and evaluating suggestions for grant data requirement improvements. The process is based on continual review of the EDI standard data elements and transaction sets used by the recipient community, analysis within subcommittees, and consideration at the IAEGC Steering Group level every 6 months. We will use that process to ensure that revised electronic data standards resulting from the application and reporting streamlining and simplification efforts are interoperable and present a common face between grant-making agencies and applicants and recipients.

EDI standards development and maintenance for grants initially were pursued informally through the Procurement Functional Working Group of the Federal EDI Standards Maintenance Coordinating Committee (FESMCC), which is part of the X12 Committee of the ANSI. In November 2000, FESMCC approved formation of a separate Grants Functional Working Group that reports directly to the FESMCC and the IAEGC. For the first time, the grant community has official participation in setting standards for its transactions. This allows us to respond more quickly to requests for changes and to more readily incorporate new technologies and provides us with greater flexibility to implement standards covering all Federal grant-making agencies. This group will be responsible for approving changes resulting from streamlined and simplified application and reporting requirements.

Grant Financial Systems

Goal: To ensure that Federal agencies implement and maintain grant financial systems that comply with government-wide standards established for such systems.

Objectives: To ensure that Federal agencies design, develop, implement, operate, and maintain Federal systems that comply with the grant financial systems requirements established by the Joint Financial Management Improvement Program (JFMIP).

“Grant Financial System Requirements,” one in a series of Federal financial management systems requirements, was issued in June 2000. It serves as a benchmark that agencies’ systems must meet. The audience is systems analysts, systems accountants, and others who design, develop, implement, operate, and maintain Federal financial management systems. It is not intended to address the full scope of functional program requirements associated with grants management, and the illustrations in the document are not comprehensive, specific diagrams of all steps involved in the various requirements and processes (i.e., the diagrams are for illustration only).

After June 2000, agencies are expected to develop new grant financial systems and make system changes in compliance with the JFMIP standards. For systems developed before June 2000, the agencies should assess the operation of those systems in relation to the standards. If the systems fall short, Federal financial managers should address the weaknesses, as appropriate. Familiarizing agencies with the JFMIP requirements will require an outreach effort. The JFMIP standards are available at <http://www.jfmip.gov/jfmip/download/systemreqs/grants.pdf>.

Target

Discussions about the type of assistance Federal agencies might offer each other in the design, development, implementation, operation, and maintenance of JFMIP-compliant grant financial systems are underway. This may include providing technical assistance and training for Federal staff, identifying best practices, and continuing JFMIP certification of software.

OTHER ISSUES

Access and Infrastructure

Goal: To improve the ability of rural entities, Native American tribal entities, and small organizations with inadequate access or infrastructure to participate in the grant process.

Objective: To assess the extent to which inadequate access or infrastructure affects the ability of organizations to participate in the Federal grant process (e.g., participants who encounter barriers caused by an inadequate communications infrastructure, including computers and high-speed transmission lines needed for optimal Internet access and electronic commerce with Federal agencies).

In addition to comments made at the public consultation meetings in October 2000, the National Rural Development Council has provided direct input through meetings and written comments regarding the specific concerns of rural organizations. This includes the lack of access to the technology needed to fully participate in the electronic processes we may adopt. Native American tribal governments and other tribal entities have similar concerns. Small organizations operated mainly by volunteers, such as certain libraries and museums, also have concerns about access and their ability to respond to Federal requirements caused by their limited resources and inexperience in the Federal grant process.

Target

March 31, 2002—Complete assessment after reviewing public comments and meeting with representatives of affected constituencies.

Ombudsman

Goal: To ensure that the streamlined and simplified requirements and process resulting from implementation of the Act become part of the ongoing operations of the Federal government.

Objective: To determine how an objective third party operating apart from the individual grant-making agencies and OMB might provide applicants/recipients an avenue for making their concerns known if agency requirements appear to exceed the standards adopted.

In line with the goals and objectives outlined in the initial plan and the need to ensure continuing efforts by the Federal agencies to improve their processes, the General Policy and Oversight team is considering how best to institute the function of an ombudsman. An ombudsman could raise issues to the Federal agencies that are of concern to applicants and recipients, including common concerns for consideration by the work groups. Those concerns may include agency requirements or requests that appear to exceed requirements of statutes, regulations, or OMB circulars, or may be considered duplicative, unduly burdensome, or otherwise non-essential.

Program officers, grants management staff, and agency management are responsible for implementation and interpretation of agency requirements and provide day-to-day guidance to their recipients. However, Federal staff may not be aware of how their counterparts in other agencies advise recipients on similar matters or in similar programs. Recipients that receive grants from multiple Federal grant programs and/or agencies may receive a variety of interpretations regarding the same requirement. An ombudsman could work with recipients and Federal staff to determine the basis for a policy or practice and advise on changes that would result in greater consistency across agencies.

The ombudsman would function consistent with section 9 of the Act, which provides that there shall be no judicial review of compliance or noncompliance with any of the provisions of the Act. No provision of the Act or this plan should be construed to create any right or benefit, substantive or procedural, enforceable by any administrative or judicial action.

The ombudsman could keep a docket of reports received, summarize how concerns were addressed, and make recommendations. This docket would be incorporated in annual reports of the agencies.

Target

March 31, 2002—Complete description of ombudsman position, after reviewing public comments and meeting with agency representatives, and determine where the position would be most effective organizationally.

Implementing the Plan

BENEFITS

There are many benefits to be realized through full implementation of this plan. The ultimate benefits for applicants, recipients, and agencies include enhanced customer satisfaction, increased cost-effectiveness resulting from Federal business process reengineering, greater ease in understanding and implementing administrative requirements and procedures, more time for professional and program activities, and higher quality information for decision-making and training. Many of these benefits could be achieved without movement to electronic systems; however, applying the advances offered by new technologies can increase these benefits.

The most significant example of the application of technology to the Federal grant process is the Federal Commons. As detailed in this plan, we believe full development and implementation of the Federal Commons will alleviate many of the concerns of applicants and recipients. Use of the Federal Commons, coupled with the planned changes to the administrative process, should improve quality, timeliness, and responsiveness.

As we implement this plan, we will ensure that streamlining and simplification benefits are available to all constituencies, not only the most technologically advanced. This will require us to seek innovative ways of dealing with applicants and recipients who do not have direct access to technology, have limited staff and other resources, may be inexperienced in the Federal grant process, or have other limitations that must be recognized.

PERFORMANCE MEASURES

We will use a Balanced Scorecard (BSC) approach to measure success in implementing the Act. The BSC is a performance-based management tool, developed about 10 years ago as a result of research performed by Drs. Robert Kaplan and David Norton. The BSC provides a framework and methodology that link strategies, work initiatives, and performance measures through the use of a set of perspectives (e.g., customer, financial, learning and growth). A BSC can be used not only to measure performance and link performance and budgets, but also to provide the basis for managing implementation of strategic plans and for organizational management. The BSC approach is used extensively in the private sector, and its use is growing in the public sector. In the public sector, it has been used by Federal, State and local governmental entities as a management tool in conjunction with process improvement. It provides a structure to move from statements of

mission and vision, through planning and implementation of goals and objectives, to achievement of measurable outcomes.

In our BSC approach, we will use multiple measures, originating from the Act's purposes and requirements, to assess performance. We will develop the measures and survey tools with input from the stakeholders. Although the specific measures are yet to be determined, the approach will emphasize results in relevant terms (e.g., customer satisfaction, accountability, commonality, timeliness, and simplicity). We will apply the BSC initially at a point in our implementation of the plan when there is sufficient progress to measure but early enough to allow time for adjustment if problems are found. In addition to determining the public and Federal staff perceptions of the changes in performance and their satisfaction with the perceived changes, we plan to use several objective process and outcome measures of performance.

We believe that linking this initial plan with Government Performance and Results Act (GPRA) plans, reports, or other general management reports, as appropriate, will increase the likelihood of achieving the positive results intended by the Act. We will institutionalize the government-wide grant process improvement effort by the agencies' response to OMB Circular A-11, *Preparation and Submission of Budget Estimates*.

We expect to achieve maximum improvement in the grant process by agencies' use of the BSC to plan, implement, and evaluate their progress in the Federal Grant Streamlining Program. The BSC management and performance measurement approach integrated with GPRA or the agency's response to OMB Circular A-11 will serve as an on-going self-assessment.

ACCOMPLISHMENTS

The following list summarizes accomplishments mentioned in this initial plan:

- ◆ Conducted consultation meetings with State governments, local governments, Native American tribal governments, research institutions, and other non-profit entities
- ◆ Issued Joint Financial Management Improvement Program standards for grant financial systems
- ◆ Enhanced *Catalog of Federal Domestic Assistance* Web site to provide a continuing interface with the Federal Commons and introduced a link to FedBizOpps to allow potential applicants access to information on funding opportunities through a single portal
- ◆ Successfully completed five initial pilots within the Federal Commons—the user registration, account administration, organizational profile, professional profile, and application status checking modules

- ◆ Developed data standards for grant application, organizational and professional profiles, and grant award (promulgated by the National Institute of Standards and Technology)
- ◆ Developed data dictionary for all grants transactions as a result of in-depth reviews by interagency teams of the data elements currently used for grants administration
- ◆ Initiated conversion of agencies to use of one of three Chief Financial Officers Council-designated payment systems
- ◆ Improved the Federal Audit Clearinghouse database query system to provide easier access to data
- ◆ Upgraded the online SF-SAC submission and editing system to reduce the number of rejected SF-SAC forms
- ◆ Issued updated audit compliance supplement to provide auditors with the latest available information on Federal program requirements.

THE ROAD AHEAD

Much of the activity leading to this initial plan has been devoted to developing the organizational structure, seeking public input, and obtaining agency support. There have been several accomplishments, and we expect more in the near term. This is a vast undertaking and one that requires necessary and appropriate coordination within the Federal agencies and with the recipient community. The interagency and public consultation processes leading to the development of this initial plan will serve us well as we move ahead. We believe our efforts during the next year and beyond will result in significant progress toward a streamlined and simplified grant process.

Timeline of Events

CALENDAR YEAR	
1999	<ul style="list-style-type: none"> - Agencies choose a CFO-designated payment system(s)—January <p>PL. 106-107 ENACTED—NOVEMBER 20</p>
2000	<ul style="list-style-type: none"> - Electronic version of SF-SAC released—January - Agencies submitted inventory of programs to OMB—March - Advance notice of proposed revision to OMB Circular A-110 on pooled payments published in <i>Federal Register</i>—May - JFMIP standards for grant financial systems issued—June - Federal Audit Clearinghouse database query system revised—June <p>GMC DEVELOPED INTERAGENCY STRUCTURE FOR IMPLEMENTATION—JULY</p> <ul style="list-style-type: none"> - Changes to the SF-SAC forms published in the <i>Federal Register</i>—July <p>FGSP WORK GROUPS BEGIN MEETING—SEPTEMBER</p> <p>GMC WEB SITE DEVELOPED—SEPTEMBER</p> <ul style="list-style-type: none"> - Federal Commons infrastructure and application status pilots completed—September - Agencies to implement selected payment system(s) (while still using proprietary system, if any)—October - Established links to the Federal Commons from FirstGov portal and <i>Center of Federal Domestic Assistance</i> Web site and improved Federal Commons interface—October <p>PUBLIC CONSULTATION MEETINGS ON PL. 106-107 HELD—SEPTEMBER-OCTOBER</p> <ul style="list-style-type: none"> - Formalize the process for recommending improvements to grants data requirements—November - Grants Functional Working Group (under the Federal EDI Standards Maintenance Coordinating Committee) formed—November
2001	<p>INTERIM/DRAFT PLAN PUBLISHED IN FEDERAL REGISTER—JANUARY 17</p> <ul style="list-style-type: none"> - Enhanced online SF-SAC submission and editing system released—February <p>COMMENT PERIOD CLOSED FOR FEDERAL REGISTER NOTICE—MARCH 19</p> <ul style="list-style-type: none"> - 2001 Single Audit Compliance Supplement issued—April <p>AGENCIES SUBMIT PLANS TO OMB AND CONGRESS—MAY 18</p> <ul style="list-style-type: none"> - Pamphlet describing single audit process published—May - Revised SF-SAC form published in <i>Federal Register</i> and released for use—May - Initial operation of FedBizOpps for grants (limited basis)—May

Timeline of Events (Continued)

CALENDAR YEAR	
2001	<ul style="list-style-type: none"> - Integration of invention reporting module into the Federal Commons—May - Agencies make recommendations to improve Federal Audit Clearinghouse operations—June - Agencies determine and assess customer expectations of the audit process—July - Agencies develop government-wide plan to identify delinquent audits—September - OMB publishes in the <i>Federal Register</i> common language and descriptions for cost items with similar treatment—September - Complete survey of Federal QCR activity and processes—September - OMB publishes in the <i>Federal Register</i> final decision on pooled payment—September - Issue Notice of Proposed Rulemaking to update common rule on debarment and suspension—September - Agencies complete baseline of current practices in announcement, application (including certifications and assurances, award (including terms and conditions), and reporting—October - Agencies complete assessment of reporting procedures for standard financial reporting forms—September - For research grants, implement electronic data interchange pilot module through the Federal Commons—November
	<ul style="list-style-type: none"> - Agencies to make recommendations for changes to the audit process—January - Develop position description and recommend organizational placement of ombudsman—March - Issue 2002 Single Audit Compliance Supplement—April - Complete assessment of access and infrastructure issues—May
	<p>AGENCIES SUBMIT UPDATE OF PLAN AND REPORT PROGRESS TO OMB AND CONGRESS—MAY 20</p>
	<ul style="list-style-type: none"> - Complete development of and test agency integration tool kit—May - OMB determines whether to use plain language in cost principles—May - Agencies publish final debarment and suspension rule—June - Agency assessment of standard forms completed, including potential for modification and creation of an electronic transaction set—September - Begin pilot programs for electronic transmission of reports—September - Move Federal Commons to its own production site—September - Agencies complete conversion to one of the CFO-approved payment systems—October
	<ul style="list-style-type: none"> - Additional Federal Commons modules become operational

Appendix A

Signatories

The agency signatories listed below signed the following statement:

The 26 Federal grant-making agencies developed the initial plan for implementation of Public Law 106-107, the Federal Financial Assistance Management Improvement Act of 1999. My agency supports the goals and objectives described in the initial plan.

Therefore, I, under the powers vested in the authority of my office, by signing onto the initial plan, do hereby commit my agency to participate in the interagency process described in the initial plan to implement Public Law 106-107, and to support the plan and its further development and implementation.

Richard C. Nygard
Deputy Assistant Administrator for Management
Agency for International Development

Donna F. Bateman, Acting for
Patricia Healy
Deputy Chief Financial Officer
Department of Agriculture

Donald L. Evans
Secretary
Department of Commerce

William L. Anderson
Acting Chief Financial Officer
Corporation for National and Community Service

Mark Carney
Deputy Chief Financial Officer
Department of Education

Richard H. Hopf
Acting Director, Management and Administration
Department of Energy

Howard F. Corcoran
Director, Grants and Debarment
Environmental Protection Agency

Patricia A. English
Acting Chief Financial Officer
Federal Emergency Management Agency

Tommy G. Thompson
Secretary
Department of Health and Human Services

Barbara S. Dorf
Director, Office of Grants Management and Program Compliance
Department of Housing and Urban Development

Rebecca W. Danvers
Director of Research and Technology
Institute of Museum and Library Services
National Foundation on the Arts and the Humanities

Gale A. Norton
Secretary
Department of the Interior

Janis A. Sposato
Acting Assistant Attorney General for Administration
Department of Justice

Brenda Kyle
Acting Chief Financial Officer
Department of Labor

David Havrilla
Senior Systems Accountant
National Aeronautics and Space Administration

John W. Carlin
Archivist of the United States
National Archives and Records Administration

Laurence Baden
Deputy Chairman for Management and Budget
National Endowment for the Arts
National Foundation on the Arts and the Humanities

John W. Roberts
Deputy Chairman
National Endowment for the Humanities
National Foundation on the Arts and the Humanities

Rita R. Colwell
Director
National Science Foundation

Thomas A. Dumaesq
Assistant Administrator for Administration
Small Business Administration

Larry G. Massanari
Acting Commissioner
Social Security Administration

Christopher H. Flaggs
Office of Financial Policy, Reporting and Analysis, and
Lloyd W. Pratsch
Procurement Executive, Office of the Procurement Executive,
Department of State

David K. Kleinberg
Deputy Chief Financial Officer
Office of the Assistant Secretary for Budget and Programs/Chief Financial Officer
Department of Transportation

James R. Lingeback
Acting Deputy Chief Financial Officer
Department of the Treasury

D. Mark Catlett
Acting Chief Financial Officer
Department of Veterans Affairs

Appendix B

Lead Agency Officials

The following is a list of the participating agencies' designated lead agency officials for carrying out the responsibilities of the agency under subsection 5(a)(4) of the Act.

Agency for International Development

Kathleen O'Hara, Deputy Director, Office of Procurement

Department of Agriculture

Patricia Healy, Deputy Chief Financial Officer

Department of Commerce

Robert F. Kugelman, Director for Executive Budgeting and Assistance Management

Corporation for National and Community Service

Margaret Rosenberry, Director of Grants Management, and
Quinton Lynch, Grants/Financial Analyst, Office of Grants Management

Department of Defense

Director of Defense Research and Engineering

Department of Education

Mark Carney, Deputy Chief Financial Officer, Office of the Chief Financial Officer

Department of Energy

Gwendolyn S. Cowan, Acting Director, Office of Procurement and Assistance Management, and

Robert C. Braden, Director, Office of Procurement and Assistance Management, National Nuclear Security Administration

Environmental Protection Agency

William Kinser, Office of Grants and Debarment

Federal Emergency Management Agency

Patricia A. English, Acting Chief Financial Officer

Department of Health and Human Services

Terrence Tychan, Deputy Assistant Secretary for Grants and Acquisition Management

Department of Housing and Urban Development

Pamela Woodside, Director, Office of Systems Integration and Efficiency, Office of the Chief Information Officer, and
Barbara Dorf, Director, Office of Grants Management and Program Compliance, Office of Administration

Institute of Museum and Library Services

Rebecca W. Danvers, Director of Research and Technology

Department of the Interior

Debra E. Sonderman, Director, Office of Acquisition and Property Management

Department of Justice

Cynthia Schwimer, Comptroller, Office of Justice Programs

Department of Labor

Mark Wolkow, Systems Analyst, and
Phyllis McMeekin, Director, Departmental Procurement Policy

National Aeronautics and Space Administration

David Havrilla, Senior Systems Accountant

National Archives and Records Administration

Ann Newhall, Executive Director, National Historical Records and Publications Commission

National Endowment for the Arts

Laurence Baden, Deputy Chairman for Management and Budget

National Endowment for the Humanities

David Wallace, Director, Office of Grant Management

National Science Foundation

Jean Feldman, Head, Policy Office, Office of Budget, Finance and Award Management and
Rick Noll, Head, Institutional Ledger Section, Division of Financial Management

Small Business Administration

Sharon Gurley, Director, Office of Procurement and Grants Management

Social Security Administration

Jim Fornataro, Associate Commissioner, Office of Acquisitions and Grants

Department of State

Christopher H. Flaggs, Director, Office of Financial Policy, Reporting and Analysis, and
Lloyd W. Pratsch, Procurement Executive, Office of the Procurement Executive

Department of Transportation

Robert G. Taylor, Director, Office of Grants Management, Office of the Senior Procurement Executive, and

Richard Meehleib, Office of Budget and Finance, Federal Highway Administration

Department of the Treasury

Birdie McKay, Director, Program Compliance Division, Financial Management Service, and

Cathy Thomas, Management Analyst, Office of the Deputy Chief Financial Officer

Department of Veterans Affairs

D. Mark Catlett, Acting Chief Financial Officer

Appendix C

Public Comments

This appendix provides a summary of the public comments received between Summer 2000 and March 19, 2001, the due date for responses on the interim/draft plan published in the *Federal Register* on January 17, 2001. The agencies are continuing to invite comments in a variety of forums and will request and consider comments as part of their longer-term implementation of the Act. The comments summarized below represent comments received at the P.L. 106-107 mailbox at the HHS Web site, comments made at the five consultation meetings held in fall 2000, and comments received in response to the January 17 *Federal Register* notice.

We received written comments from seventy-seven sources.

- ◆ Eighteen were from individual State governments, organizations representing State interests, and individual State employees. State government comments ranged from those by a single agency within the State, indicating issues or concerns with a particular aspect of the grant life cycle or with a particular program, to coordinated comments cross multiple State agencies with supporting schedules illustrating differences in approach among the Federal grant-making agencies.
- ◆ Five were from organizations representing local government or regional interests, including one national association, and individual local government employees.
- ◆ Eleven were from Native American tribes or tribal organizations, organizations representing tribal interests, and individual tribal employees.
- ◆ Twenty-five comments were from individual universities and non-profit research organizations. University comments represented various viewpoints but were primarily directed at the administrative process and the issues resulting from having to deal with multiple Federal agencies under numerous programs with differing requirements. Some of the university comments contained supporting information to demonstrate the impact of those variations. Two comments were from organizations representing university and/or research non-profit interests.
- ◆ Twelve comments were from other non-profit organizations ranging from national organizations to community-based organizations.
- ◆ One comment was from an organization representing business interests.

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- ◆ Three comments were from other sources.

There appears to be a significant commonality of interests and issues across the constituencies. The comments contained many similar themes about the difficulties presented by the current state of Federal grant administration, with its significant variations in announcement, application, award, reporting, and administrative requirements. Regardless of the type or size of the organization submitting the comments, there is a desire for consistency, standardization, and simplification resulting in a “common face” to applicants and recipients. The commenters emphasized that, for the Act to achieve its purposes, these improvements must occur across agencies, not simply within individual agencies.

Many of the commenters also expressed frustration with the lack of coordination with affected constituencies in Federal agencies’ fielding of new systems and with other issues associated with the transition to greater use of technology in the administrative process. Some comments cited specific Federal agencies or programs as areas of opportunity for improvement or as sources of best practices that might be considered for broader use.

This summary highlights, in capsule form, those comments made most frequently. The comments are grouped by the components of the grant life-cycle and supporting processes, systems, and standards. This summary does not include the detailed indications of the reasons for raising an issue. Although we have not attempted to include all comments or the full text of those we have highlighted in this initial plan, they will be posted in their entirety on the Grants Management Committee Web site at <http://www.financenet.gov/fed/cfo/grants/grants.htm>. A list of those commenters that provided written comments follows; however, this summary does not attribute comments.

We are still in the process of fully analyzing the comments. The comments will be reviewed in detail by the General Policy and Oversight team and the individual work groups. Our analysis thus far suggests that the comments raise several new areas for review as well as validating the need for change and providing us useful details and suggestions in the specific areas that we have included in this initial plan. If appropriate, the additional areas cited will be developed into new goals and tasks. Agency-specific comments will be provided to those agencies for review and possible action.

The commenters have provided us a wealth of information to guide our efforts. We are listening and expect to demonstrate that to the affected constituencies in our work this coming year and beyond, both as individual agencies and collectively through the Federal Grant Streamlining Program.

SOURCES OF WRITTEN COMMENTS

States Governments and State Employees

California Energy Commission
Illinois Criminal Justice Authority
Family and Social Services Administration, State of Indiana
Department of Public Health, Adult and Child Health, State of Kentucky
Department of Health and Human Services, State of Nebraska
Department of Justice, State of New Hampshire
Office of the Controller, State of New York for multiple State agencies
Department of Health and Human Services, State of North Carolina
Division of Community Services, State of North Dakota
Bureau of Workforce Investment, State of Pennsylvania
Department of Health and Environmental Control, State of South Carolina
Department of Health, Bureau of HIV and STD Prevention, State of Texas
Texas State Auditors' Office and State Single Point of Contact
on behalf of multiple State agencies and public universities
Office of Family Health, State of Virginia
Office of Financial Management, State of Washington

State Organizations and National Organizations Representing State Interests

Interstate Advisory Group, Inter-Agency Electronic Grants Committee
National Association of State Auditors, Comptrollers and Treasurers
State-wide E-Grant Council, State of Pennsylvania

Local Government Employees and Organizations Representing Local Governments or Regional Interests

Atlanta Regional Commission
The Ferguson Group, LLC
National Association of Counties
National Association of Development Organizations
Prince George's County Public Schools

Native American Tribal Governments, Tribal Organizations, and Tribal Employees

Choctaw Nation
Ho-Chunk Nation
Mojave Indian Tribe

Navajo Nation
Poarch Band of Creek Indians
Redwood Valley Reservation
Sisseton-Wahpeton Sioux Tribal Health Administration
White Mountain Apache Tribe

Organizations Representing Tribal Interests

Indian Health Service Tribal Self-Governance Advisory Committee and
National Indian Health Board
National Tribal Development Association
Southcentral Foundation

Universities and University Employees

University of Alabama at Birmingham
University of California
University of California, Berkeley
University of California, Los Angeles
University of California, Riverside
University of California, San Diego
East Carolina University
University of Florida
Harvard University
University of Illinois-Chicago
University of Illinois at Urbana-Champaign
University of Indiana
Johnson and Wales University
University of Kansas
University of Kentucky
Massachusetts Institute of Technology
University of Michigan
University of Missouri
University of New Orleans
Research Foundation of the State University of New York
Washington State University
University of Washington
University of Wisconsin-Madison
University of Wisconsin-Milwaukee

Non-Profit Research Organizations Other than Universities

Fred Hutchinson Cancer Research Center

Organizations Representing University and Research Non-Profit Interests

Council on Governmental Relations

Federal Demonstration Partnership

Non-Profit Organizations

AdoptioNetwork

AARP Foundation

Association of Private Voluntary Organizations Financial Managers

Big Bend Rural Heath

Design-Build Institute of America

Easter Seals

Family Place Head Start Program, Beckley, West Virginia

Family Resources, St. Petersburg, Florida

Illinois Facilities Fund

Miami Valley Child Development Centers, Dayton, Ohio

The Nature Conservancy

New York Public Library

Organizations Representing Business Interests

Integrated Dual Use Commercial Companies

Other

Congressional Employee

Private Citizen

Anonymous

SUMMARY OF COMMENTS

ANNOUNCEMENT OF FUNDING OPPORTUNITIES

Improve accessibility and availability of information about funding opportunities and of application forms/formats
Include complete contact information (name, telephone number, e-mail-address)
Display <i>Catalog of Federal Domestic Assistance</i> (CFDA) number in all announcements
Use clear language in announcements and make contents more consistent in coverage and placement of information
Clearly specify the eligibility of Native American tribes/tribal organizations
Allow adequate time for application preparation and submission
Specify (and adhere to) time frame for making funding decisions
Specify whether cost sharing will be an evaluation factor
Stagger proposal submission, renewal, and reporting dates

APPLICATIONS

Use a standard application form/format/data elements for programs with common purposes
Ensure requirements are common in programs for like purposes (e.g., research) and include only those requirements potentially applicable to the activity
Improve and streamline the SF-424/424A, including eliminating duplicate questions
Examine data elements apart from their prior inclusion on paper forms to justify need
Require agencies to justify changes/additions to the standard forms/format/data elements
Eliminate need to provide the same organizational and professional profile information in each application—Federal agencies should require only updates
Reduce information requirements in or eliminate continuation applications
Create standard for amount of budget justification/backup required
Develop a single set of consistent, correct application instructions
Do not require detailed information, such as some of the budget information, in all applications as part of the initial submission—only for those projects are selected for funding
Maintain an inventory of required certifications and assurances (after streamlining)
Allow an annual (or multi-year) organizational certification for applicable assurances rather than multiple submissions within the same year (to the same Federal program or multiple Federal programs)—independent of submission of individual applications/awards
Establish a standard format for required certifications and assurances, requiring only a single signature, and allow electronic submission
Tailor requirements to type of activity/organization rather than boilerplate assurances
Eliminate requirements for hard-copy signatures when filing electronically (same comment applies to reports and payment requests)
Increase use of pre-applications to reduce effort and resources spent on preparing applications that may have limited chance of success
Allow electronic application, including completion online (not simply pdf formats)
Provide online capability to determine application status

APPLICATIONS (Continued)

Allow single, government-wide point for submission of applications
Limit number of copies required

AWARDS

Use a standard format/data elements for award notification
List applicable requirements in awards or provide reference to up-to-date Web site
Show the CFDA number on all award notices
Ensure awards include internally consistent requirements
Reduce time between application submission and funding—an extended period for agency action with the possibility of awards being made after the requested start date and/or for a shortened period affects the ability to plan and may have a negative impact on performance
Provide timely notification of denial and offer feedback on reasons
Provide electronic notification of awards (e-mail or Web posting)
Reduce time between application submission and funding

REPORTING

Allow electronic completion and filing of the SF-269 (Financial Status Report)
Eliminate requirements for hard-copy filing of signatures when filing electronically
Adopt a single, standard financial reporting form
Change due date for the final SF-269 from 90 days to 120 days to allow for completion of report after liquidation of obligations (90 days)
Simplify the SF-269
Require use of either the SF-269 or the SF-272 (Federal Cash Transactions Report), not both
Allow reporting basis to be consistent with grantee's established accounting system
Eliminate requirements for cash forecasts
Consolidate and standardize invention reporting requirements
Do not require recipients to submit the same report to multiple locations
Include information required in separate reports in continuation applications
Reduce variations in reporting periods for similar reports (currently quarterly to annually) and make more consistent with required submission of performance reports
Make all required forms available on the Web

PAYMENT

Continue efforts to consolidate and streamline payment systems to alleviate burdens associated with training staff and maintaining multiple interfaces
Require agencies to conform to the choice of CFO-approved payment systems and not add unique requirements that would require reprogramming of recipient systems
Make pooled payments the standard—systems that require drawdowns at the project level are burdensome
Have different systems that require submission of the same form, e.g., the SF-272, use a common means of submission (electronic or paper), with the same instructions and look
Designate knowledgeable focal points to assist with problems, particularly “troubleshooters” with system knowledge
Provide training and timely feedback
Reduce use of cash requests (reimbursement using paper forms) and level of required supporting documentation
Allow electronic updating of SF-272 from recipient files
Include names of Federal disbursing agency and intended recipient agency on wire transfers as well as invoice number
Do not require programmatic information as part of payment request
Provide means of determining status of payment requests and other financial information (e.g., Federal disbursement information)

TERMS AND CONDITIONS AND GENERAL ADMINISTRATIVE REQUIREMENTS

Standardize terms and conditions by type of organization/activity, eliminate agency re-issuance and interpretation through their own rules and policies, and make agencies justify unique requirements
Make presentation of terms and conditions consistent and applicability and meaning clear
Allow greater flexibility in changing budget categories
Improve consistency between Federal grant administration circulars or consolidate them
Make non-expendable personal property definitions and requirements consistent across Federal agencies and programs
Be consistent in addressing what is considered allowable as cost sharing, including allowability of unrecovered indirect costs for cost sharing
Clarify invention reporting and intellectual property rights
Allow for electronic submission of budget revision requests
Allow full implementation of expanded authorities (authorities agencies can, but are not required to, provide to recipients of research grants under OMB Circular A-110) across all applicable awards
Modify OMB Circular A-110 to allow electronic storage of records as the standard
Recognize need for lesser requirements on “small” grants and on subgrants
Standardize policies on program income
Establish consistent prior approval requirements and maintain a matrix of the resulting requirements
Clarify A-110 on property requirements, particularly for exempt property
Establish common format and requirements for streamlined grant closeout
Develop consistent policy on carryover of funds

TERMS AND CONDITIONS AND GENERAL ADMINISTRATIVE REQUIREMENTS (Continued)

There should be a periodic review of terms and conditions to ensure need, propriety, currency
Establish a consistent approach to environmental assessment requirements across agencies
Consistently apply human subjects requirements
Create uniform equal employment opportunity and other civil rights requirements

COST PRINCIPLES

Eliminate inconsistent allocation methods and restrictions on/differences of interpretation about indirect cost recoveries
Change requirements for documentation of staff time spent on multiple Federal programs (there should be a threshold amount)
Improve consistency among the Federal cost principle circulars or consolidate them
Avoid introducing new restrictions for sake of consistency
Reduce burdens associated with time and effort reporting
Recognize the permissive areas of A-21 (for example, interrelated projects) and do not require extensive documentation in advance

AUDIT

Issue additional guidelines, in plain language, that address monitoring of subrecipients, including status of for-profits, and ensuring subrecipients meet audit requirements
Provide better information on roles and responsibilities, status of audits
Develop document summarizing the single audit process and highlighting important aspects
Provide clearer language in award documents and increase communication with recipients about audit requirements
Enhance the SF-SAC to include more and different data, including sufficient information to determine whether subrecipients' findings related to a recipient's award
Ensure that Federal agencies obtain required information from the Federal Audit Clearinghouse (FAC) database rather than requesting reports directly from recipients
Educate recipients on availability and use of the FAC
Clarify that recipients can go directly to FAC to review subrecipient audits
Streamline FAC procedures
Ensure that Federal agencies comply with OMB Circular A-133—they continue to conduct “special audits” apart from the single audit without proper coordination
Review the single audit process as it relates to subrecipients—currently it is not adequate to ensure subrecipients are spending Federal funds appropriately and creates a recipient responsibility that extends beyond its individual award(s) to a subrecipient

ELECTRONIC PROCESSING

Work toward standardization in areas such as single point of entry for applications, and security
Continue development of Federal Commons
Maintain focus on standard transactions sets and data dictionary
Involve users in design and testing of automated systems they will be required to use
Provide full automation capability that covers the entire grant life cycle, including ability to check status of applications
Ensure Federal staff are trained in system requirements and can provide timely and useful technical assistance
Provide training manuals and technical assistance to recipients

OTHER

Maximize use of the Web to include up-to-date information—contacts, frequently asked questions, notification of changes in requirements, checklists, examples of successful applications
Make up-to-date contact information available on the Web and post it in a standardized manner
Have a means to address agency responsiveness
Improve communications between Federal headquarters and field offices and among affected constituencies within agencies (program staff, awarding office staff, financial management staff, auditors, information technology staff)
Increase use of block grants to States
Enhance customer service
Need training of Federal and non-Federal staff in revised processes/requirements
Extend simplification and streamlining efforts based on type of activity/organization rather than solely on the basis of award instrument—keep open possibility of extension to certain contracts
Need to be able to ensure consistent interpretation of requirements, not just consistent requirements
Make appropriate use of award instruments consistent with the purposes of those instruments as provided in the Federal Grant and Cooperative Agreement Act

Appendix D

Agencies' Selection of Payment System

Agencies Subject to the CFO Act			
Agency (and sub-agency, if appropriate) ¹	Selection Made (ASAP or PMS) ²	Selection Pending	Waiver
Agency for International Development	PMS		
Department of Agriculture			
Agricultural Marketing Service			X
Animal and Plant Health Inspection Service			X
Agricultural Research Service	PMS		
Cooperative State Research, Education, and Extension Service	PMS		
Food and Nutrition Service	ASAP		
Food Safety and Inspection Service	PMS		
Forest Service	PMS		
Natural Resources Conservation Service	PMS		
Rural Development			X
Department of Commerce	ASAP		

¹ This table indicates the selection of payment system or other related action of those civilian agencies required to make such a selection in accordance with the June 16, 1998 decision of the Chief Financial Officers (CFO) Council. The Department of Defense will use the Defense Procurement Payment System (DPPS). The relevant agencies are those subject to the CFO Act. For completeness, this table also includes those agencies that are signatories to this plan, but that are not subject to the CFO Act (and, therefore, are not required to choose one of the CFO Council-designated payment systems).

² ASAP is the Automated Standard Applications for Payment System operated by the Department of the Treasury. PMS is the Payment Management System operated by the Department of Health and Human Services.

Agencies Subject to the CFO Act			
Corporation for National and Community Service	PMS		
Department of Education		X	
Department of Energy	ASAP		
Environmental Protection Agency	ASAP		
Federal Emergency Management Agency	PMS		
General Services Administration³			X
Department of Health and Human Services	PMS		
Department of Housing and Urban Development		X	
Department of the Interior			
Bureau of Indian Affairs	ASAP		
Bureau of Land Management	ASAP		
Bureau of Reclamation	ASAP		
Office of Surface Mining, Reclamation, and Enforcement	ASAP		
U.S. Fish and Wildlife Service	PMS		
National Park Service, Land and Water Conservation	PMS		
National Park Service, Urban Park and Recreation Recovery	PMS		
Office of the Secretary	ASAP		
U.S. Geological Survey	PMS		
Department of Justice	ASAP		
Department of Labor	PMS		

³ The General Services Administration is not among the 26 signatories to the initial plan.

Agencies Subject to the CFO Act			
National Aeronautics and Space Administration	PMS		
National Science Foundation	ASAP		
Nuclear Regulatory Commission⁴		X	
Small Business Administration	PMS		
Social Security Administration	ASAP		
Department of State	PMS		
Department of the Treasury			
Alcohol, Tobacco and Firearms	ASAP		
Community Development and Financial Institutions Fund	PMS		
Secret Service			X
U.S. Customs Service	PMS		
Department of Transportation	PMS		
Department of Veterans Affairs	PMS		
Agencies Not Subject to the CFO Act			
National Endowment for the Arts			
National Endowment for the Humanities			
Institute of Museum and Library Services			
National Archives and Records Administration			

⁴ The Nuclear Regulatory Commission is not among the 26 signatories to the initial plan.

Appendix E
Public Law 106-107

PUBLIC LAW 106-107—NOV. 20, 1999

FEDERAL FINANCIAL ASSISTANCE
MANAGEMENT IMPROVEMENT ACT OF 1999

Public Law 106-107
106th Congress

An Act

Nov. 20, 1999
[S. 468]

To improve the effectiveness and performance of Federal financial assistance programs, simplify Federal financial assistance application and reporting requirements, and improve the delivery of services to the public.

Federal Financial Assistance Management Improvement Act of 1999.
31 USC 6101 note.
31 USC 6101 note.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Federal Financial Assistance Management Improvement Act of 1999”.

SEC. 2. FINDINGS.

Congress finds that—

(1) there are over 600 different Federal financial assistance programs to implement domestic policy;

(2) while the assistance described in paragraph (1) has been directed at critical problems, some Federal administrative requirements may be duplicative, burdensome or conflicting, thus impeding cost-effective delivery of services at the local level;

(3) the Nation’s State, local, and tribal governments and private, nonprofit organizations are dealing with increasingly complex problems which require the delivery and coordination of many kinds of services; and

(4) streamlining and simplification of Federal financial assistance administrative procedures and reporting requirements will improve the delivery of services to the public.

31 USC 6101 note.

SEC. 3. PURPOSES.

The purposes of this Act are to—

(1) improve the effectiveness and performance of Federal financial assistance programs;

(2) simplify Federal financial assistance application and reporting requirements;

(3) improve the delivery of services to the public; and

(4) facilitate greater coordination among those responsible for delivering such services.

31 USC 6101 note.

SEC. 4. DEFINITIONS.

In this Act:

(1) **DIRECTOR.**—The term “Director” means the Director of the Office of Management and Budget.

(2) **FEDERAL AGENCY.**—The term “Federal agency” means any agency as defined under section 551(1) of title 5, United States Code.

(3) **FEDERAL FINANCIAL ASSISTANCE.**—The term “Federal financial assistance” has the same meaning as defined in section 7501(a)(5) of title 31, United States Code, under which Federal financial assistance is provided, directly or indirectly, to a non-Federal entity.

(4) **LOCAL GOVERNMENT.**—The term “local government” means a political subdivision of a State that is a unit of general local government (as defined under section 7501(a)(11) of title 31, United States Code).

(5) **NON-FEDERAL ENTITY.**—The term “non-Federal entity” means a State, local government, or nonprofit organization.

(6) **NONPROFIT ORGANIZATION.**—The term “nonprofit organization” means any corporation, trust, association, cooperative, or other organization that—

(A) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;

(B) is not organized primarily for profit; and

(C) uses net proceeds to maintain, improve, or expand the operations of the organization.

(7) **STATE.**—The term “State” means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, and any instrumentality thereof, any multi-State, regional, or interstate entity which has governmental functions, and any Indian Tribal Government.

(8) **TRIBAL GOVERNMENT.**—The term “tribal government” means an Indian tribe, as that term is defined in section 7501(a)(9) of title 31, United States Code.

(9) **UNIFORM ADMINISTRATIVE RULE.**—The term “uniform administrative rule” means a Governmentwide uniform rule for any generally applicable requirement established to achieve national policy objectives that applies to multiple Federal financial assistance programs across Federal agencies.

SEC. 5. DUTIES OF FEDERAL AGENCIES.

(a) **IN GENERAL.**—Except as provided under subsection (b), not later than 18 months after the date of the enactment of this Act, each Federal agency shall develop and implement a plan that—

(1) streamlines and simplifies the application, administrative, and reporting procedures for Federal financial assistance programs administered by the agency;

(2) demonstrates active participation in the interagency process under section 6(a)(2);

(3) demonstrates appropriate agency use, or plans for use, of the common application and reporting system developed under section 6(a)(1);

(4) designates a lead agency official for carrying out the responsibilities of the agency under this Act;

(5) allows applicants to electronically apply for, and report on the use of, funds from the Federal financial assistance program administered by the agency;

(6) ensures recipients of Federal financial assistance provide timely, complete, and high quality information in response to Federal reporting requirements; and

31 USC 6101
note.
Deadline.

(7) in cooperation with recipients of Federal financial assistance, establishes specific annual goals and objectives to further the purposes of this Act and measure annual performance in achieving those goals and objectives, which may be done as part of the agency's annual planning responsibilities under the Government Performance and Results Act of 1993 (Public Law 103-62; 107 Stat. 285).

(b) **EXTENSION.**—If a Federal agency is unable to comply with subsection (a), the Director may extend for up to 12 months the period for the agency to develop and implement a plan in accordance with subsection (a).

(c) **COMMENT AND CONSULTATION ON AGENCY PLANS.**—

Federal Register,
publication.

(1) **COMMENT.**—Each agency shall publish the plan developed under subsection (a) in the Federal Register and shall receive public comment of the plan through the Federal Register and other means (including electronic means). To the maximum extent practicable, each Federal agency shall hold public forums on the plan.

(2) **CONSULTATION.**—The lead official designated under subsection (a)(4) shall consult with representatives of non-Federal entities during development and implementation of the plan. Consultation with representatives of State, local, and tribal governments shall be in accordance with section 204 of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1534).

(d) **SUBMISSION OF PLAN.**—Each Federal agency shall submit the plan developed under subsection (a) to the Director and Congress and report annually thereafter on the implementation of the plan and performance of the agency in meeting the goals and objectives specified under subsection (a)(7). Such report may be included as part of any of the general management reports required under law.

31 USC 6101
note.

SEC. 6. DUTIES OF THE DIRECTOR.

(a) **IN GENERAL.**—The Director, in consultation with agency heads and representatives of non-Federal entities, shall direct, coordinate, and assist Federal agencies in establishing—

(1) a common application and reporting system, including—

(A) a common application or set of common applications, wherein a non-Federal entity can apply for Federal financial assistance from multiple Federal financial assistance programs that serve similar purposes and are administered by different Federal agencies;

(B) 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 financial assistance programs that serve similar purposes and are administered by different Federal agencies; and

(C) uniform administrative rules for Federal financial assistance programs across different Federal agencies; and

(2) an interagency process for addressing—

(A) ways to streamline and simplify Federal financial assistance administrative procedures and reporting requirements for non-Federal entities;

(B) improved interagency and intergovernmental coordination of information collection and sharing of data pertaining to Federal financial assistance programs,

including appropriate information sharing consistent with section 552a of title 5, United States Code; and

(C) improvements in the timeliness, completeness, and quality of information received by Federal agencies from recipients of Federal financial assistance.

(b) **LEAD AGENCY AND WORKING GROUPS.**—The Director may designate a lead agency to assist the Director in carrying out the responsibilities under this section. The Director may use inter-agency working groups to assist in carrying out such responsibilities.

(c) **REVIEW OF PLANS AND REPORTS.**—Upon the request of the Director, agencies shall submit to the Director, for the Director's review, information and other reporting regarding agency implementation of this Act.

(d) **EXEMPTIONS.**—The Director may exempt any Federal agency or Federal financial assistance program from the requirements of this Act if the Director determines that the Federal agency does not have a significant number of Federal financial assistance programs. The Director shall maintain a list of exempted agencies which shall be available to the public through the Office of Management and Budget's Internet site.

Records.

(e) **REPORT ON RECOMMENDED CHANGES IN LAW.**—Not later than 18 months after the date of the enactment of this Act, the Director shall submit to Congress a report containing recommendations for changes in law to improve the effectiveness, performance, and coordination of Federal financial assistance programs.

Deadline.

(f) **DEADLINE.**—All actions required under this section shall be carried out not later than 18 months after the date of the enactment of this Act.

SEC. 7. EVALUATION.

31 USC 6101
note.

(a) **IN GENERAL.**—The General Accounting Office shall evaluate the effectiveness of this Act. Not later than 6 years after the date of the enactment of this Act, the evaluation shall be submitted to the lead agency, the Director, and Congress. The evaluation shall be performed with input from State, local, and tribal governments, and nonprofit organizations.

Deadline.

(b) **CONTENTS.**—The evaluation under subsection (a) shall—

(1) assess the effectiveness of this Act in meeting the purposes of this Act and make specific recommendations to further the implementation of this Act;

(2) evaluate actual performance of each agency in achieving the goals and objectives stated in agency plans; and

(3) assess the level of coordination among the Director, Federal agencies, State, local, and tribal governments, and nonprofit organizations in implementing this Act.

SEC. 8. COLLECTION OF INFORMATION.

31 USC 6101
note.

Nothing in this Act shall be construed to prevent the Director or any Federal agency from gathering, or to exempt any recipient of Federal financial assistance from providing, information that is required for review of the financial integrity or quality of services of an activity assisted by a Federal financial assistance program.

SEC. 9. JUDICIAL REVIEW.

31 USC 6101
note.

There shall be no judicial review of compliance or noncompliance with any of the provisions of this Act. No provision of this

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Act shall be construed to create any right or benefit, substantive or procedural, enforceable by any administrative or judicial action.

31 USC 6101
note.

SEC. 10. STATUTORY REQUIREMENTS.

Nothing in this Act shall be construed as a means to deviate from the statutory requirements relating to applicable Federal financial assistance programs.

31 USC 6101
note.

SEC. 11. EFFECTIVE DATE AND SUNSET.

This Act shall take effect on the date of the enactment of this Act and shall cease to be effective 8 years after such date of enactment.

Approved November 20, 1999.

LEGISLATIVE HISTORY—S. 468 (H.R. 409):

SENATE REPORTS: No. 106-103 (Comm. on Governmental Affairs).

CONGRESSIONAL RECORD, Vol. 145 (1999):

July 15, considered and passed Senate.

Nov. 2, considered and passed House, amended.

Nov. 4, Senate concurred in House amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 35 (1999):

Nov. 20, Presidential statement.