

Why GAO Did This Study

The federal government spent approximately \$1.2 trillion in grants to tribal, state, local, and territorial governments in fiscal year 2022—an increase of more than \$400 billion from fiscal year 2019. Federal grants comprised approximately 19 percent of total federal spending for fiscal year 2022. HHS is the largest grant-making agency in the federal government. It has recently taken steps to modernize certain grants management processes for HHS and other federal agencies.

GAO was asked to review recent initiatives aimed at improving federal grant management practices. This report (1) describes recent grants modernization efforts HHS has taken and the extent to which HHS evaluated those efforts; (2) describes the accomplishments of the HHS Grants QSMO and the extent to which the Grants QSMO has achieved its goals and addressed its challenges; and (3) describes how the PMA or CAP goals incorporated grants management outcomes and process reforms.

GAO reviewed documents related to prior HHS grant modernization work and the current efforts of the HHS OG and Grants QSMO as well as OMB guidance. GAO also conducted interviews with HHS officials from various agency subcomponents about their modernization efforts. In addition, GAO conducted interviews with OMB staff regarding the administration's integration of grants management work into the PMA and the CAP goals.

GRANTS MANAGEMENT

HHS Has Taken Steps to Modernize Government-wide Grants Management

What GAO Found

The Department of Health and Human Services' (HHS) Office of Grants (OG) provides department-wide leadership on grants and serves several key government-wide roles fostering collaboration, innovation, consistency, and accountability in the administration and management of federal grants. It formulates department-wide HHS grants policies and provides oversight and review of the implementation of HHS grant policies. In January 2021, OMB designated HHS as the agency to house the Grants Quality Services Management Office (Grants QSMO) to facilitate the development and adoption of customer-focused, innovative, and efficient grants management solutions and services by federal awarding agencies, grant applicants, and recipients.

Multiple HHS grants management modernization efforts aim to simplify and streamline processes. HHS's ReInvent Grants Management (RGM) effort (2017-2020) developed initiatives to improve grants administration that could be leveraged by all grant-making departments within HHS. In addition to the RGM initiatives, HHS's Recipient Data Insights (RDI) tool is an ongoing grants risk management tool that helps agencies assess the pre-award risk of awarding funds to grant applicants. In addition, RDI

- automates the collection of grant applicant data from multiple sources,
- keeps the information up to date, and
- presents the data in an aggregated format that saves grant-making agencies time.

The HHS Grants QSMO has taken steps to develop a marketplace of grants management solutions for HHS and other federal agencies. Launched in September 2022, Grants QSMO's shared solutions marketplace offers five government-based solutions, including

- grants management systems,
- payment systems, and
- negotiation services.

These solutions are available for other federal agency customers and function across all parts of the grants management life cycle. In addition to the marketplace of shared solutions, the Grants QSMO maintains a Catalog of Market Research that compiles information on commercial grants award management IT vendors and includes suggestions for drafting an acquisition strategy. Grants QSMO's goal is to provide easier access to quality solutions that meet existing government-wide accepted standards.

HHS's recent grants modernization efforts, including the RDI risk management tool and the Grants QSMO Marketplace, have not been incorporated into either the President's Management Agenda (PMA) or the Cross-Agency Priority (CAP) goal on building capacity in federal financial management. However, OMB staff stated that under this CAP goal a grants governance framework and governing body will be developed to manage government-wide grants policy.