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GRANTS MANAGEMENT

Selected Agencies Should Clarify Merit- Based Award Criteria and Provide Guidance for Reviewing Potentially Duplicative Awards

Accessible Version

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Why GAO Did This Study

To improve the effectiveness and efficiency of grant-making in the federal government, in 2011 OMB created COFAR, and in 2014 OMB's Uniform Guidance came into effect. This included requirements for federal agencies to establish a merit-based review process for competitive grants and to assess grant applicants' risk. GAO was asked to review the design and implementation of merit-based grant award selection.

GAO reviewed the extent to which (1) selected subagencies followed certain required and recommended practices for evaluating competitive awards; (2) selected subagencies had processes to identify duplicative grant funding; and (3) COFAR has made progress in developing an implementation schedule for achieving its priorities. GAO assessed OMB and agency grant guidance for 19 grant programs at 6 subagencies—selected in part based on grant outlays in fiscal year 2014—and interviewed officials from these agencies and OMB as well as from associations representing different types of grantees. GAO's findings are not generalizable.

What GAO Recommends

GAO is making four recommendations to address the concerns identified at the specific subagencies, such as including required and recommended information in public notices for grant opportunities and developing guidance on reviewing applicants for potentially duplicative funding. All agencies agreed with the recommendations.

What GAO Found

GAO found that all 6 selected subagencies in the Departments of the Interior (Interior), Health and Human Services (HHS), and Agriculture (USDA) applied a risk assessment review before making final grant award decisions for the 19 grant programs examined, as required by the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). GAO also found that while selected HHS and USDA subagencies generally followed certain other required and recommended practices established in the Uniform Guidance for providing specific information in their notices of public funding opportunity (public notices) announcing grants, selected Interior subagencies did not. Specifically, the Uniform Guidance recommends that public notices include (1) the merit-based criteria that will be used to assess grant applications, (2) the relative weights that will be applied to those assessment criteria, and requires (3) whether and how cost sharing will be used as a factor in assessing an application. GAO found that for several grant programs in selected Interior subagencies, public notices either did not state merit-based selection criteria, did not state the relative weights assigned to selection criteria, or did not clarify how cost sharing would be used to assess an application. Omitting this information from the public notices limits transparency for potential applicants.

OMB's Uniform Guidance does not direct agencies to review applicants for duplicative funding, but federal standards for internal control state that management should use quality information to achieve objectives and that management should document its policies. GAO found that only 2 of the 6 selected subagencies (1 in HHS and 1 in USDA) had developed formal processes and guidance for identifying potentially duplicative funding. GAO's previous work has pointed to potential risks that can arise—such as awarding duplicative grants—when agencies do not have guidance in place to direct staff to check for duplication when making competitive award decisions. Officials from the other 4 subagencies (in HHS, USDA, and Interior) that relied primarily on informal processes for identifying potentially duplicative grant funding acknowledged the importance of identifying information about applicants' other funding before making final grant award decisions.

The Council on Financial Assistance Reform (COFAR) updated its priorities for fiscal year 2016 but has made limited progress in planning, coordinating, and communicating its priorities. COFAR is an interagency council established by OMB to provide policy-level leadership for the grants community and to support reforms to improve the effectiveness and efficiency of federal grants. In 2013, GAO identified challenges related to COFAR's priorities and its lack of a plan to achieve implementation of these priorities and GAO recommended that OMB provide an implementation schedule for COFAR, clarify roles and responsibilities of COFAR members, and improve two-way communication with stakeholders. However, in this review GAO found that COFAR's challenges remain and it has still not (1) released an implementation schedule that includes performance targets and evaluation mechanisms; (2) established roles and responsibilities for its members; or (3) made progress in developing effective two-way communication with the grant recipient community and other stakeholders.

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Abbreviations

AFRI	Agriculture and Food Research Initiative
AIS	Aquatic Invasive Species
AMD	Awards Management Division of the National Institute of Food and Agriculture
CDC	Centers for Disease Control and Prevention
COFAR	Council on Financial Assistance Reform
FACE	Financial Assistance Committee for E-Gov
FNS	Food and Nutrition Service
FWS	Fish and Wildlife Service
HHS	Department of Health and Human Services
HPF	Historical Preservation Fund Grants to Underrepresented Communities
NIFA	National Institute of Food and Agriculture
NIH	National Institutes of Health
NPS	National Park Service
OMB	Office of Management and Budget
USDA	United States Department of Agriculture

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January 12, 2017

Congressional Requesters

Federal grants are a critical tool for achieving important national objectives. In fiscal year 2015, the federal government distributed more than \$600 billion in grants to state and local governments for a wide variety of purposes, from building highways, bridges, and mass transit systems to hiring teachers and increasing student access to higher education. Over time, growth in the number of grant programs to state and local governments and their level of funding has contributed to greater diversity and complexity in federal grants management processes.

In awarding federal grants, effective oversight and internal control is of fundamental importance in assuring the proper and effective use of federal funds to achieve program goals. Our previous grants management work has found risks and vulnerabilities that exist in the pre-award stage. For example, we found that agencies awarded grants without adequately documenting the grantee selection process.¹ We also found that agency internal control processes had weaknesses in terms of carrying out and documenting management's review of grant applications and documenting grant award decisions.² We identified one instance where agency pre-award guidance did not apply to all competitive grant programs within the agency—increasing the risk that agency grant programs were not consistently checking for duplication and overlap prior to making final grant award decisions.³ Eliminating duplication and

¹GAO, *Surface Transportation: Competitive Grant Programs Could Benefit from Increased Performance Focus and Better Documentation of Key Decisions*, [GAO-11-234](#) (Washington, D.C.: Mar. 30, 2011), *Intercity Passenger Rail: Recording Clearer Reasons for Awards Decisions Would Improve Otherwise Good Grantmaking Practices*, [GAO-11-283](#), (Washington, D.C.: Mar. 10, 2011) and *Legal Services Corporation: Improvements Needed in Controls over Grant Awards and Grantee Program Effectiveness*, [GAO-10-540](#) (Washington, D.C.: June 11, 2010).

²GAO, *Federal Grants: Improvements Needed in Oversight and Accountability Processes*, [GAO-11-773T](#) (Washington, D.C.: June 23, 2011) and *Runaway and Homeless Youth Grants: Improvements Needed in the Grant Award Process*, [GAO-10-335](#) (Washington, D.C.: May 10, 2010).

³GAO, *Agricultural Research: Two USDA Agencies Can Enhance Safeguards against Project Duplication and Strengthen Collaborative Planning*, [GAO-13-255](#) (Washington, D.C.: Apr. 12, 2013).

unnecessary overlap in grant award funding can save public dollars and minimize waste. Our work also found that one agency did not perform pre-award reviews until after the grants had been awarded.⁴

In recent years, the Office of Management and Budget (OMB) has taken action to improve the effectiveness and efficiency of grant-making across the federal government. Specifically, in 2011 OMB created the Council on Financial Assistance Reform (COFAR), an interagency council charged with providing policy-level leadership for the grants community and supporting reforms to improve the effectiveness and efficiency of federal grants. In 2013, COFAR released its initial priorities for achieving better controls and business processes in grant-making across the federal government. Further, in December 2014 OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) became effective for new grant awards. The Uniform Guidance requires that federal agencies establish a merit-review process for competitive grants. A merit-review process is characterized by the establishment of criteria applied by the agency to evaluate the merit of competitive grant applications and seeks to ensure that grant applications submitted are reviewed in a fair, competitive, and transparent manner.

You asked us to review selected agencies' design and implementation of merit-based grant selection and the extent to which COFAR has met its priorities. This report reviews: (1) the extent to which selected subagencies followed certain required and recommended practices for evaluating competitive grant awards; (2) the extent to which selected subagencies attempt to identify potentially duplicative or overlapping funding at the grant award level; and (3) the progress COFAR has made in implementing its priorities and developing a detailed implementation schedule for achieving its priorities.

To determine whether selected agencies have implemented merit-based grant selection reviews and follow certain practices for evaluating competitive awards, we selected three federal departments and two

⁴GAO, *Foreign Assistance: U.S. Democracy Assistance for Cuba Needs Better Management and Oversight*, [GAO-07-147](#) (Washington, D.C.: Nov. 15, 2006).

subagencies at each for an in-depth review of grant application pre-award procedures:⁵

- The United States Department of Agriculture (USDA) and its subagencies, the National Institute of Food and Agriculture (NIFA) and Food and Nutrition Service (FNS).
- The Department of Health and Human Services (HHS) and its subagencies, the National Institutes of Health (NIH) and Centers for Disease Control and Prevention (CDC).
- The Department of the Interior (Interior) and its subagencies, the National Park Service (NPS) and Fish and Wildlife Service (FWS).

These departments were judgmentally selected (and therefore our results are not generalizable) based on a combination of several criteria, including: (1) amount of total grant outlays in fiscal year 2014 based on data from OMB's Historical Tables (HHS had the largest total grant outlays in fiscal year 2014); (2) total number of grant and cooperative agreement award announcements based on data from Grants.gov between October 1, 2014 and August 20, 2015 (Interior had the largest total number of grant announcements during this period); (3) and membership in COFAR (HHS and USDA are permanent members of COFAR). After selecting the three federal grant-making departments, we selected the two subagencies with the most award announcements within each department. We also selected 19 grant programs for in-depth review from the six selected subagencies whose public notices of funding opportunity (public notices) were posted and closed on Grants.gov between December 26, 2014, and September 30, 2015 (see appendix I).⁶ These programs were selected based on a mix of criteria, including the number of days the public notice was posted, the type of funding instrument (grants or cooperative agreements), and the number of expected awards.

⁵Federal agencies provide financial assistance to nonfederal entities using either grants or cooperative agreements. Cooperative agreements involve a greater degree of involvement by the agency. For the purpose of this report, we considered grants and cooperative agreements as the same funding mechanism.

⁶OMB is responsible for developing government-wide guidance to ensure that grants are managed properly and that grant funds are spent in accordance with applicable laws and regulations. OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was effective for grant awards made after December 26, 2014. September 30, 2015 is the end of fiscal year 2015.

To understand whether these subagencies and grant programs followed the Uniform Guidance for the selected awards, we obtained and assessed grant program public notices; internal department and subagency guidance related to their grant review process including selection of peer reviewers; scoring systems; procedures for documenting the review processes; and requirements for making public notices for grants. To better understand identified practices for merit-based review of grants, we reviewed government-wide guidance and our previous work on the topic. Additionally, we interviewed officials from the selected subagencies and grant programs to better understand how they review competitive grant awards and apply merit-based grant review practices. Although the results of our review are not generalizable to other grant programs in other departments or subagencies, they are indicative of the types of challenges that federal awarding agencies face when making grants.⁷

To determine the extent to which selected subagencies implement controls to identify potentially duplicative or overlapping funding at the grant award level, we reviewed our previous work on duplication, overlap, and fragmentation. We reviewed subagency grant guidance to assess whether grant managers evaluated grant applications for duplication and overlap in the pre-award phase. We also interviewed subagency officials to determine the approaches they took, if any, to identify any potential overlap and duplication.

To determine the progress made by COFAR in implementing its publicly stated priorities and for developing a detailed implementation schedule to achieve these priorities, we reviewed publicly available documents on the U.S. Chief Financial Officers Council website and our previous work on COFAR's priorities. We compared COFAR's stated deliverables to stated priorities in its 2013 priorities framework. We met with OMB staff to learn more about COFAR's progress on its priorities and its plans for the future. Additionally, we interviewed officials from associations representing the grantee stakeholder community to learn more about their perspectives on

⁷For the remainder of this report we will refer to departments as agencies in keeping with the terminology used and defined in the Uniform Guidance. See 2 C.F.R. § 200.35.

COFAR's priorities and understand how COFAR works and communicates with those groups outside the federal sector.⁸

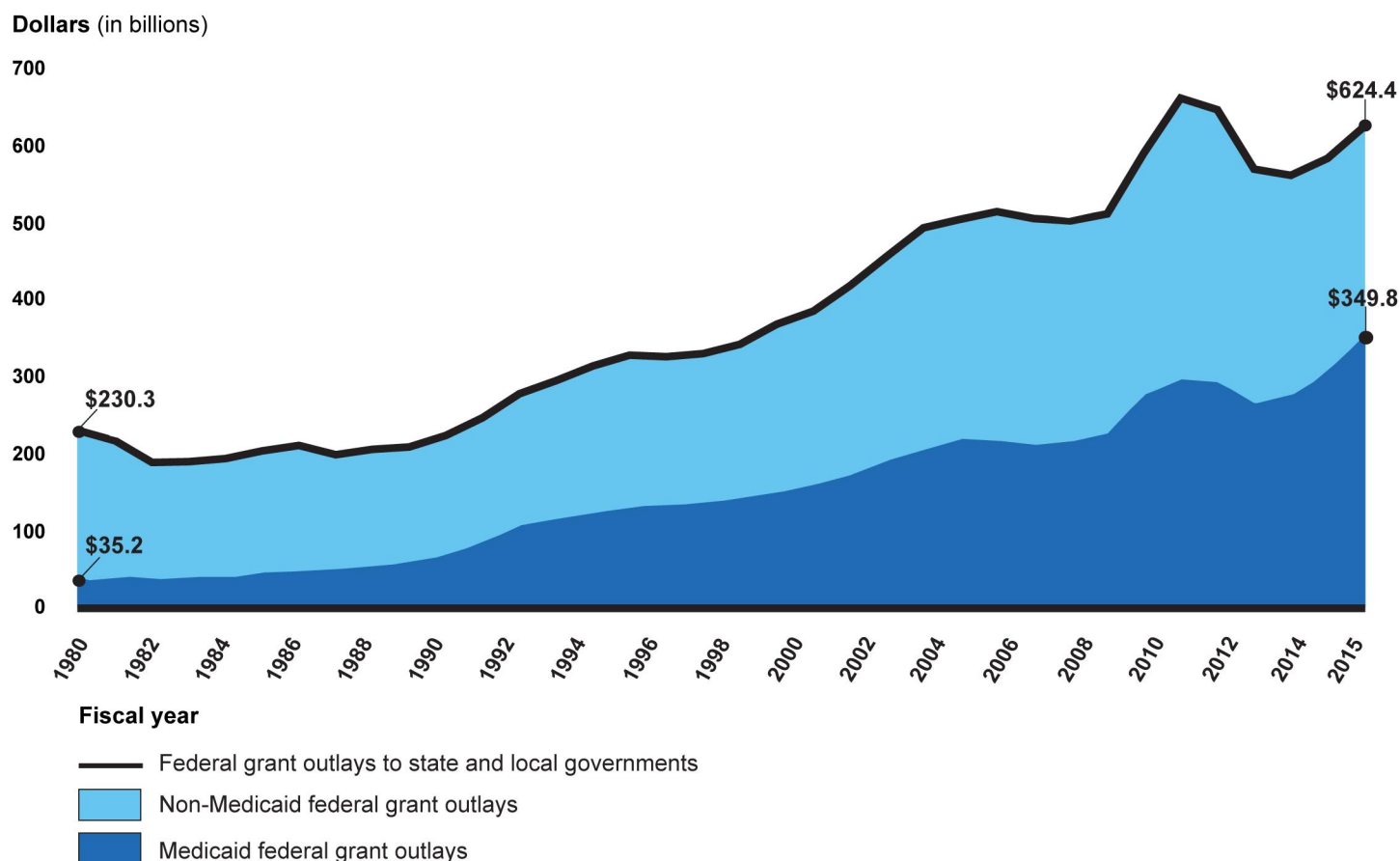
We conducted this performance audit from July 2015 to January 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

To achieve national objectives, the federal government relies on complex networks and partnerships across federal, state, and local governments. Grants are one tool the federal government uses to achieve national priorities through nonfederal parties, including state and local governments, educational institutions, and nonprofit organizations. Federal grant outlays to state and local governments have generally increased as measured in constant fiscal year 2015 dollars from \$230 billion in fiscal year 1980 (or \$91 billion in nominal dollars) to \$624 billion in fiscal year 2015 (see fig. 1). Of the approximately \$275 billion in non-Medicaid grants to state and local governments in fiscal year 2015, almost \$186 billion in annual appropriations went to fund discretionary grant programs, a portion of which were competitively awarded. Grants to state and local governments represented 16 percent of federal spending in fiscal year 2015.

⁸During the course of this review, we interviewed officials from the National Association of State Budget Officers (NASBO); National Association of State Auditors, Comptrollers, and Treasurers (NASACT); National Association of Regional Councils (NARC); Federal Financial Information for States (FFIS); Association of Government Accountants (AGA); American Institute of Certified Public Accountants (AICPA); National Grants Management Association (NGMA); Federal Demonstration Partnership (FDP); National Council of Nonprofits (NCNP); and the Council on Government Relations (COGR).

Figure 1: Outlays of Federal Grants to States and Local Governments in Fiscal Year 2015 Constant Dollars, Fiscal Years 1980-2015



Source: GAO analysis of Office of Management and Budget data. | GAO-17-113

The Grant Life Cycle and OMB's Uniform Guidance

Competitively awarded federal grants generally follow a life cycle comprising various stages: (1) pre-award (public notice and application); (2) award; (3) implementation; and (4) closeout. Once a grant program is established through legislation—which may specify particular objectives, eligibility, and other requirements—a grant-making agency may impose additional requirements on recipients. OMB's Uniform Guidance establishes several requirements for competitive grant awards, including that federal awarding agencies: (1) notify the public of the grant opportunity through an announcement, or public notice, which includes providing the applicant with sufficient information to help them make a

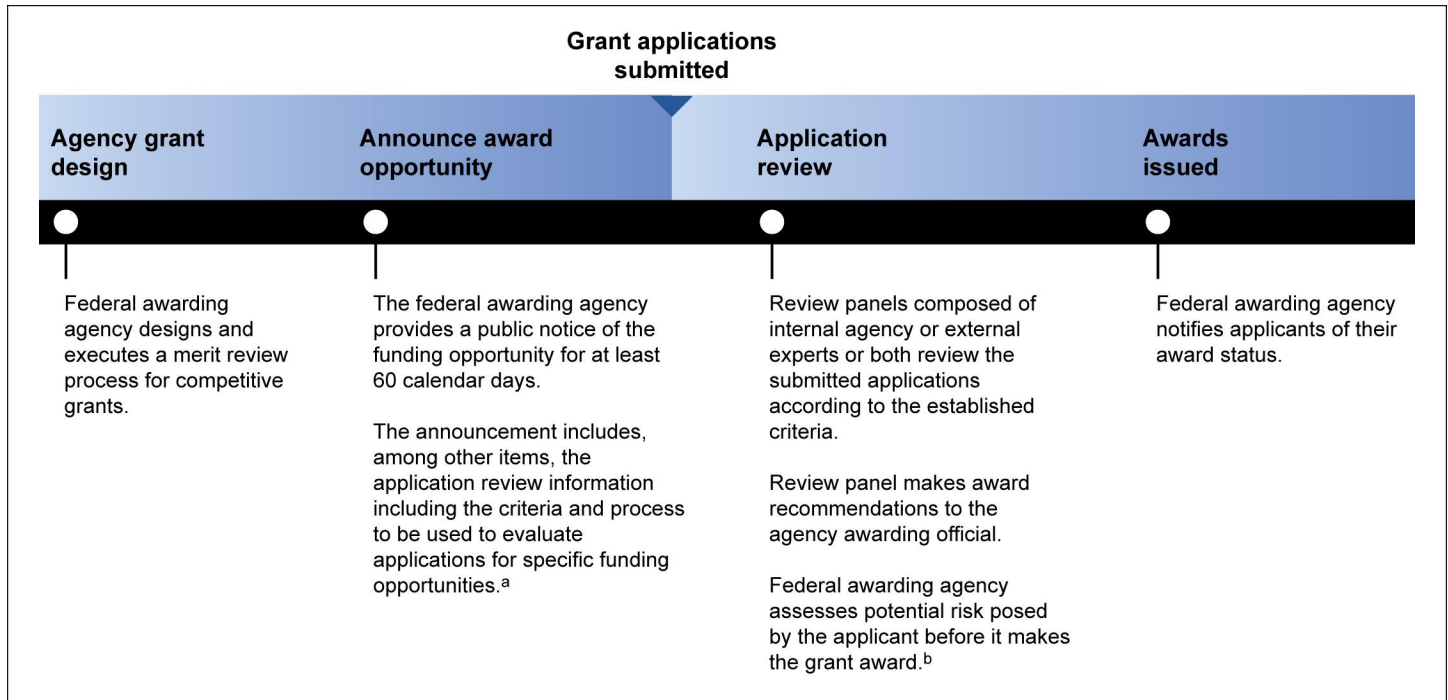
decision about whether to submit an application and the criteria used to evaluate the application; (2) establish a merit-review process for competitive grants; and (3) develop a framework for risk assessment of applicants for competitive grants.⁹

The pre-award process varies from grant to grant, but it generally involves preparing and posting the public notice on the federal government's web portal, Grants.gov, development and submission of the application by applicants, review of applications by the agency, an external panel, or both, and agency award decisions (see fig. 2).¹⁰ During the application review, the Uniform Guidance recommends that applications should be rated against pre-established criteria found in the public notice used to evaluate merit. This rating can be either quantitative (i.e., percentages or points) or qualitative (e.g., identifying applications as highly recommended or not recommended). The Uniform Guidance directs that agencies disclose in their public notice the relative weights or point values assigned to the merit based criteria, providing applicants with information about how the criteria will be applied. After applications are rated by agency officials, an external panel, or both, the applications may be ranked. Applications recommended for funding are forwarded to an awarding official within the agency.

⁹2 C.F.R. §§ 200.203—200.205.

¹⁰Initially known as e-Grants, Grants.gov was created by OMB and is the central grant identification portal in the federal government, used for both finding and applying for grant opportunities. Launched in 2003, it is managed by HHS.

Figure 2: Overview of the Federal Grant Merit-Review Selection Process



Sources: GAO analysis of Office of Management and Budget Uniform Guidance 2 C.F.R. pt. 200 and agency information. | GAO-17-113

^aThe federal awarding agency may make a determination to have an availability period of less than 60 calendar days but no public notice should be available for less than 30 calendar days unless exigent circumstances require it as determined by the federal awarding agency head or delegate.

^bUnder section 200.205 of the Uniform Guidance, federal agencies may consider the following factors in evaluating risk: (1) financial stability; (2) quality of management systems; (3) the applicant's record in managing federal awards; (4) reports and findings from audits; and (5) the applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on nonfederal entities. In addition, the agency must ensure that the grant recipients comply with the guidelines on government-wide suspension and debarment, which restrict federal awards, sub-awards and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal programs or activities.

In the award stage, the agency identifies successful applicants and announces award funding. The implementation stage includes payment processing, agency monitoring, and recipient reporting, which may include collection of financial and performance information. The closeout phase includes preparation of final reports, financial reconciliation, and any required accounting for property. Audits may occur multiple times during the life cycle of the grant and after closeout.

In addition to the requirements established by the Uniform Guidance, our prior work has identified practices federal awarding agencies should follow to ensure a fair and objective evaluation and selection of

discretionary grant awards.¹¹ These practices include communicating with the potential applicants before the competition begins by providing information prior to making grant award decisions on available funding, key dates, funding priorities, types of projects to be funded, competition rules such as eligibility, and technical reviews.

Overview of GAO's Overlap and Duplication Work

In 2010, Congress included a provision in statute for GAO to identify programs, agencies, offices, and initiatives with duplicative goals and activities within departments and government-wide and report to Congress annually.¹² Since March 2011, we have issued annual reports to Congress in response to this requirement. The annual reports describe areas in which we found evidence of fragmentation, overlap, or duplication among federal programs. In these reports we establish these definitions:

- Fragmentation refers to circumstances in which more than one federal agency is involved in the same broad area of national need and opportunities exist to improve service delivery.
- Overlap exists when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries.
- Duplication occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries.

We have stated that overlap might not necessarily lead to actual duplication, and some degree of overlap and duplication may at times be justified.¹³ Although the grant programs reviewed for this report represent a diverse collection of federal funding opportunities, in our previous work looking at grants for scientific research, we have also used the term duplication to mean research that is scientifically unnecessary to replicate

¹¹[GAO-11-283](#).

¹²Pub. L. No. 111-139, § 21, 124 Stat. 8, 29 (Feb. 12, 2010).

¹³GAO, *2016 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-16-375SP](#) (Washington, D.C.: Apr. 13, 2016).

or complement prior research results, or research inadvertently conducted or funded that is very similar to other research.¹⁴

Council on Financial Assistance Reform

In 2011, OMB created COFAR, an interagency council charged with providing policy-level leadership for the grants community and implementing reforms to improve the effectiveness and efficiency of federal grants.¹⁵ COFAR's activities include providing recommendations to OMB on policies and actions necessary to effectively deliver, oversee, and report on grants and cooperative agreements, as well as sharing with executive departments and agencies best practices and innovative ideas for transforming the delivery of this assistance. COFAR is intended to identify emerging issues as well as challenges and opportunities in grants management and policy, including, as appropriate, improvements to the competitive grant-making process. COFAR is also to serve as a clearinghouse of information on innovations and best practices in grants management and, as appropriate, to sponsor and lead new efforts for innovation.

The council includes the OMB Controller and officials from the eight executive agencies that provide the largest amounts of financial grants assistance: the Departments of Agriculture, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Labor, and Transportation. In addition, in order to represent the perspectives of other agencies that administer grants and cooperative agreements, COFAR includes a senior policy official from one other agency, selected by OMB, to serve a 2-year term (see fig. 3).

¹⁴[GAO-13-255](#).

¹⁵Office of Management and Budget, *Creation of the Council on Financial Assistance Reform*, OMB Memorandum M-12-01 (Washington, D.C.: Oct. 27, 2011).

Figure 3: The Council on Financial Assistance Reform Members, Fiscal Years 2016-2017



Source: GAO analysis of Office of Management and Budget information. | GAO-17-113

Note: The rotating member represents the perspectives of other agencies that administer grants and cooperative agreements. This member is selected by the Office of Management and Budget and serves a 2-year term.

In a 2013 report, we found that COFAR had not released to the public an implementation schedule that included key elements such as performance targets, mechanisms to monitor, evaluate, report on progress made toward stated priorities, and council members who can be held accountable for those priorities.¹⁶ We recommended that the director of OMB, in collaboration with the members of COFAR, develop and make publicly available an implementation schedule that includes performance targets, council members who can be held accountable for priorities, and mechanisms to monitor, evaluate, and report on results.

¹⁶GAO, *Grants Management: Improving Planning, Coordination, and Communication Needed to Strengthen Reform Efforts*, [GAO-13-383](#) (Washington, D.C.: May 23, 2013).

The Extent to Which Selected Subagencies Followed Certain Required and Recommended Practices for Evaluating Competitive Grant Awards Varied

Most Selected Subagencies Included Evaluation Criteria and Related Scoring in Their Merit-Review Process, but the Selected Interior Subagencies Did Not

The Uniform Guidance gives agencies flexibility to design their merit-review process but states that all criteria used to influence final award decisions should be clarified in the public notice for applicants, and public notices should include the relative weights the agency will apply to these criteria.¹⁷ The public notices for the programs we reviewed in four of six subagencies included merit-based criteria for evaluating applications and the related maximum point values to be applied to these criteria. We found that common review criteria at these four selected subagencies included the merit of the project design, previous organizational experience with the type of program, and whether the financial and budget support seemed appropriate. For example at USDA, NIFA's Hispanic Serving Institutions Education Programs and the three FNS programs we reviewed clearly articulated the review criteria and related point values in the public notices.¹⁸ At NIH, all four research grant programs we reviewed included the same general criteria in their public notices and the same scoring values. In addition, we found that all three CDC grant programs included the same general review criteria in their public notices and clearly articulated the related point values.

However, at the selected Interior subagencies (NPS and FWS), we found several public notices in which the criteria for evaluating applications or the related point values for each criterion were not clearly stated. One of

¹⁷According to Appendix 1 part 200 of the Uniform Guidance, the public notice should clearly describe all criteria and sub-criteria to make the application process transparent and if the criteria used to evaluate applicants vary in importance, the public notice should specify the relative percentages, weights, or other means used to distinguish among them.

¹⁸In the other two NIFA grant programs we reviewed, we found that all evaluation criteria were weighted equally and NIFA did not publish separate point values in the public notices.

the three public notices for grant programs we reviewed from NPS did not inform the applicants of the review criteria or their related weights. Specifically, we found in our review that the public notice for NPS's Historic Preservation Fund Grants to Underrepresented Communities (HPF) requested standard grant application information from applicants, but it did not include the evaluation criteria or the related points. NPS officials explained, and we confirmed, that this had been corrected in the public notice for HPF fiscal year 2016 grants, which included both the criteria and scoring. Further, two of the three public notices from FWS did not inform applicants of weights related to each criterion used to evaluate grant applications. Specifically, FWS's Aquatic Invasive Species (AIS) grant program clearly identified the criteria by which applicants would be evaluated in the public notice. However, the AIS program public notice did not include maximum point values related to each criterion. Similarly, FWS's Conservation Program to Introduce Youth to Natural Resource Conservation included all review criteria within the public notice, but it did not include the related weights of the evaluation criteria. The program staff agreed that the criteria point values should have been explained to the applicants in the public notice, and they said the point values would be included in the grant public notice for subsequent years. Unless the criteria and value that will be assigned to those criteria are made transparent to the applicant before an application is submitted, the applicant may not know whether their proposal will meet the review criteria or how to best focus their efforts. Additionally, applications that better align with review criteria can facilitate a more effective and efficient merit-review process for federal awarding agencies.

Most Selected Subagencies Identified Whether Cost Sharing Is a Factor Affecting Award Decisions, but Selected Interior Subagencies Did Not

The Uniform Guidance also states that if agencies will consider cost sharing and any other program policy factors that may be used to determine federal award decisions, these factors must be explicitly described in the public notice.¹⁹ Under federal research proposals, voluntary committed cost sharing is not expected. However, it and other program policy factors may be considered during a merit review if this factor is explicitly described in the public notice and in accordance with

¹⁹2 C.F.R. pt 200, Appendix 1. Cost sharing or matching means the portion of project costs not paid by federal funds. 2 C.F.R. § 200.29.

agency regulations.²⁰ We determined that four of the six subagencies we reviewed clearly articulated cost sharing requirements in their public notices for selected grant programs. For example, the public notices for all NIH and CDC grant programs in our review stated either that cost sharing was not required or that it would be used in the grant review process and described how it would be used. NIFA and FNS clearly explained cost sharing requirements and how they would be used in the grant review process.

In contrast, the public notices for grant programs at the two selected Interior subagencies discussed cost sharing and matching but did not clarify when or how this factor would influence the subagency's final grant award decisions. For example, the public notices for FWS's AIS grant stated that the use of matching grant funds was not a requirement. However, the AIS public notice also encouraged both matching funds and partnerships to augment project resources and said these factors would be considered in the applicant ranking process. AIS grant staff told us that they had planned to use cost sharing or matching only to break tie scores for applicants, but that it was never used in the evaluation of applicant proposals since no ties in the scoring occurred. The use of the cost sharing or matching statement in the public notice—without explanation for how this factor would be used to evaluate applicants—reduced the transparency of the grant review process because the way in which this information was to be assessed was unclear to applicants. The AIS grant staff told us that language regarding the consideration of cost sharing or matching had been removed from all subsequent AIS public notices.

Similarly, in our review of the public notice for NPS's HPF grant program, we noted that although the grant program did not require cost sharing or matching from applicants, information on cost sharing or matching funds was requested in the budget section of the applicants' grant proposals. However, no information was provided on how cost sharing or matching

²⁰ 2 C.F.R. § 200.306(a). Voluntary committed cost sharing means cost sharing specifically pledged on a voluntary basis in the proposal's budget or the federal award on the part of the nonfederal entity and that becomes a binding requirement of the federal award. 2 C.F.R. § 200.99.

funds would affect the final award decisions.²¹ In addition, the HPF grant reviewer guidance available at the time we reviewed the grant program instructed the reviewers to include cost sharing as part of their consideration for the budget criteria, which is scored. Consideration of cost sharing or matching is also included in the final scoring spreadsheets, indicating that it was a quantitative factor in the evaluation process and affected final award decisions. Uncertainty and confusion about the impact of cost sharing and matching could discourage applicants from submitting proposals for the HPF grants. The new guidance NPS issued, which was not available at the time we selected the HPF program for review, addresses the issue.

Selected Subagencies Had Processes in Place to Conduct Risk Assessments of Grant Applicants

There are risks associated with grant applicants' ability to implement the proposed grant project while also having financial controls in place to appropriately account for federal funds. For competitive grants, federal awarding agencies must have a process for assessing the risk posed by applicants and the process is to be conducted prior to applicants receiving a grant award.²² The Uniform Guidance states that federal awarding agencies may consider the following as they assess applicant risk: financial stability; quality of management systems; history of performance; reports and findings from audits; or the applicant's ability to implement statutory, regulatory or other requirements imposed on nonfederal entities. To support this requirement, officials from the six selected subagencies in our review described various management tools they use to assess the risk level of their grant applicants, including the use of internal risk assessment review forms; risk assessment checklists; and review of OMB-designated repositories of government-wide eligibility qualification and financial integrity information.

²¹On May 18, 2015, subsequent to the dates of our sample, NPS issued guidance that established mandatory templates that must be used for all NPS grants, and the template, as updated in July 2016, required that the review criteria specify the scoring to be used and clarify whether and how cost sharing would be considered in evaluating applications. The HPF grant announcement pulled as part of our sample predated the effective date of the NPS guidance.

²²2 C.F.R. § 200.205(b).

Centers for Disease Control and Prevention

CDC officials said that the agency is updating its current risk assessment framework to implement a more systematic approach that follows the Uniform Guidance for assigning all grantees a risk score. CDC grant applicant risk assessments were conducted after award recommendations were made by the peer review panels. CDC officials said their grant risk assessments included reviewing internal CDC databases for grantee history, audit reports, financial data, Single Audit reports through the Federal Audit Clearinghouse, reports from the System for Award Management, and internal CDC and HHS agency-wide grant award history.²³ CDC officials also explained that grant applicants receiving continuation funding from previously awarded grants receive a more streamlined risk review using only the Federal Audit Clearinghouse and System for Award Management reports. CDC officials also noted that new CDC grant applicants are more likely to be labeled as high- or medium-risk due to uncertainty regarding their financial and grant performance history. In addition, CDC grant application reviewers use a checklist that includes some of the factors for reviewing applicant risk among other grant award requirements.

National Institutes of Health

NIH grant staff explained that they use the System for Award Management and the Federal Awardee Performance and Integrity Information System to determine if potential exclusions, prior performance, or business ethics issues exist.²⁴ In addition, NIH staff said they used the National External Audit Review to look for negative audit findings involving applicants, and they document the results of an

²³The Federal Audit Clearinghouse is designated as the repository of record to which nonfederal entities that receive federal funds are required to transmit audit report packages. The System for Award Management consolidated and replaced the Central Contractor Registration (a required point of registration for contractors and grantees wishing to do business with the government), Online Representations and Certifications Application (a system that allows vendors to enter representations and certifications for federal contracts), and the Excluded Parties List System (a database listing parties excluded from receiving federal contracts and certain subcontracts, as well as certain types of federal financial and nonfinancial assistance).

²⁴The Federal Awardee Performance and Integrity Information System provides specific information on the integrity and performance of covered federal agency contractors and grantees.

applicant's risk assessment in NIH's grant management checklist.²⁵ Similar to CDC, NIH grant staff review new applicants more closely and may require them to complete a separate form to assess their financial systems, according to the staff with whom we spoke.

Food and Nutrition Service

FNS has a pre-award risk assessment policy that requires applicants to submit a questionnaire entered into a pre-award assessment tool which triggers a number of flags that designate the applicant risk levels. FNS staff said that pre-award risk assessment is a two-part process that includes analysis of its risk assessment tool and a separate review of the federal repositories along with other information provided in applicant forms.

National Institute of Food and Agriculture

According to NIFA officials, all grant programs at NIFA have risk assessments that are conducted through the subagency's Awards Management Division (AMD).²⁶ AMD staff told us they use a risk assessment form to request an applicant's financial information for the previous 2 years, articles of incorporation, subsidiaries and all other affiliations. AMD staff explained that they assess risk levels for all applicants and when they determine an applicant to have a high risk level, grant funds are restricted or may not be awarded to the applicant.

Fish and Wildlife Service

FWS officials said that a risk assessment must be performed for every applicant that receives a grant award. The risk assessment results are categorized using a table with descriptions of low, medium, and high risk levels that determine related grant monitoring activities. According to FWS risk assessment guidance, if a grantee receives a final high risk level or there are other concerns, the grantee may receive more frequent monitoring and site visits may be required if the program determines it

²⁵The National External Audit Review Center is a specialized function of the HHS Office of Inspector General and serves as a clearinghouse to determine which state Single Audit report findings HHS is responsible for resolving.

²⁶AMD supports NIFA grantees, stakeholders, and customers by providing guidance and resources. The division performs pre-award processes, awards grants, and analyzes and approves post-award requests.

should be a condition of the award. FWS officials also explained that some FWS grant programs conduct the risk assessments in the initial screening process and other grant programs conduct them closer to the decision for grant awards because the flexibility allows the program to apply the assessment when they determine it is necessary. FWS officials said that changes are being made to their fiscal year 2017 risk assessment process, which will require an enhanced assessment of recipient financial recordkeeping capabilities and additional review of Single Audit and other publicly available information.

National Park Service

In early 2016, NPS established procedures for assessing an applicant's financial risk by making the grant program awarding officer responsible for risk assessments and giving that awarding officer the flexibility to use a variety of tools for assessing applicant risk.²⁷ Based on the pre-award risk assessment, the awarding officer must assign the recipient a risk rating of high, moderate, or low. High risk designations made by the awarding officer must include the rationale and any specific conditions imposed on the grantee. According to officials, NPS must approve the high risk designation and the awarding officer must send out a written notice to the recipient stating the reason and actions needed to remove the applicant from the high risk designation list. Like FWS, NPS officials explained that they are making the same changes to their fiscal year 2017 risk assessment process because the Department of the Interior will be revising its agency-wide risk assessment policy.

Most Selected Subagencies Did Not Have Formal Approaches to Identify Potentially Duplicative or Overlapping Grant Funding

Two of the selected subagencies in our review have guidance in place instructing grant management staff to review applicants' other funding for potential duplication and overlap prior to making a grant award. In contrast, the other four selected agencies relied on informal mechanisms to identify potential duplication and overlap in applicants' grant funding.

²⁷NPS issued a Financial Assistance Policy and Procedures (1443-2016-01) memorandum to financial assistance personnel that outlined pre-award risk assessment on January 21, 2016.

While OMB's Uniform Guidance does not direct agencies to review applicants for duplicative or overlapping funding, federal standards for internal control state that management should use quality information to achieve objectives, including relevant data from reliable internal and external sources.²⁸ Internal control standards also state that management should document its policies. To the extent that grant-making agencies have as an objective that their awards are not overlapping or duplicative—or otherwise acknowledge that identifying unnecessary duplicative or overlapping grant funding supports effective stewardship of federal grant dollars—these agencies would benefit from consistent approaches to collecting this data and from documenting these approaches in agency policy.

We did not identify any instances of overlap or duplication at the grant award level in our review of the 19 grant programs (that is the applicant receiving funding for the same or similar work). However, our previous work has pointed to potential risks that can arise—such as awarding duplicative grants—when agencies do not have written guidance in place to direct staff to check for duplication when making competitive award decisions.²⁹ For the four subagencies that we found did not have formal approaches to identifying overlapping or duplicative grant funding, developing guidance for this purpose would help mitigate the potential risks we previously identified.

Two Selected Subagencies Had Guidance and a Formal Process to Identify Potential Duplication and Overlap of Grant Funding

We found that two of the selected subagencies in our review, NIH within HHS, and NIFA within USDA, had guidance in place instructing grant management staff to review applicants for potential duplication and overlap prior to making a grant award. NIH's *Grants Policy Statement* and "just in time" review process and NIFA's *Federal Assistance Policy Guide* instruct grant managers to review pending grant awards for scientific, budgetary, and commitment overlap to ensure prior to issuing an award

²⁸GAO, *Standards for Internal Control in the Federal Government*, [GAO 14-704G](#) (Washington, D.C.: September 2014).

²⁹[GAO-13-255](#).

that potential duplication of the award is addressed.³⁰ These guidance documents clearly instruct grant-making staff that duplication and overlap in the pending grant award, whether scientific, budgetary, or commitment, is not permitted.³¹

NIH officials explained that they implement their guidance on identifying duplication and overlap through various review mechanisms. NIH officials said that prior to making a grant award decision they request information on active and pending “other support” for all key personnel who would be receiving the grant funding. “Other support” includes all financial resources, whether federal, nonfederal, commercial or institutional, that would be used in direct support of each individual’s research endeavors, including but not limited to research grants, cooperative agreements, contracts, and institutional awards.³² After listing all support, applicants must also summarize for each individual any potential overlap with active or pending projects and for the overall application any overlap in terms of the science, budget items covered, and any individual’s time commitment.

According to NIH officials, the review of the applicant’s “other support” documentation is recorded in NIH’s grant management and program checklist, a tool NIH grant managers use to ensure grant applications meet all requirements. If the research plan in the application duplicates other pending applications or an active award, the grant applicant must negotiate with NIH staff concerning which grant will be funded. If NIH staff conclude partial duplication exists, then modification of the application, other pending applications, or the active award is necessary before NIH will make the grant award. Depending on the amount of scientific overlap, staff might choose not to fund the pending application. If scientific, budgetary, or commitment overlap has been identified, NIH staff are

³⁰Department of Health and Human Services, *NIH Grants Policy Statement, Completing the Pre-Award Process* (October/November 2015); United States Department of Agriculture, *National Institute of Food and Agriculture Federal Assistance Policy Guide* (October 1, 2014).

³¹According to the NIH and NIFA policy guidance, scientific overlap occurs when the same research is proposed in more than one application or a specific research objective and the research design for accomplishing the objective are the same or closely related in two or more applications or awards; budgetary overlap occurs when duplicate or equivalent budgetary items (e.g., equipment, salaries) are requested in an application but already are provided by another source; and commitment overlap occurs when an individual’s time commitment exceeds 100 percent (i.e., 12 person months), whether or not salary support is requested in the application.

³²Training awards, prizes, or gifts do not need to be included under institutional awards.

required to document concerns along with specific recommendations for resolution.

NIFA's grant programs have taken different approaches to implement the subagency's guidance regarding identifying duplication and overlap in grant awards. For example, NIFA's Agriculture and Food Research Initiative has its own grant policy manual that offers detailed instructions on identifying duplication and overlap prior to making a grant award. Grant managers for the Agriculture and Food Research Initiative review applicants' self-identified current and pending support when they apply for funds. Additionally, NIFA's grant managers review the Current Research Information System—USDA's primary system containing project-level information on its ongoing and completed research projects—to identify any other NIFA grants that may have funded the same project. The program staff log the date of this search and the key words used to demonstrate how they looked for duplication. Finally, Agriculture and Food Research Initiative program staff verbally confirm with the grant applicant that there is no duplication or overlap when they call the successful applicant to notify them of the award decision.

In contrast to the Agriculture and Food Research Initiative's grant policy manual and its implementation of the guidance during the pre-award review process, officials from the two other selected NIFA grant programs used other techniques to identify potential duplication and overlap. For example, officials for NIFA's Hispanic Serving Institutions grant program explained they ask whether a grant applicant has submitted a similar application to another federal agency. If so, the applicant must report it under "current and pending support," and prior to making an award decision, NIFA officials review the key personnel section of the application to determine if anyone affiliated with the grant application is being funded at greater than 100 percent (i.e., a review to identify commitment overlap).

Four Selected Subagencies Rely Primarily on Informal Processes for Identifying Potential Duplication and Overlap in Grant Funding

Four of the six selected subagencies we reviewed relied on informal mechanisms to identify duplication and overlap of grant funding rather than establish guidance for a formal process, but officials from these subagencies acknowledged the importance of trying to identify potentially duplicative and overlapping grant funding. For example, officials from

three selected CDC grant programs described informal approaches taken to look for duplicative funding at the grant award level. While CDC officials explained that their process used the same grant review tools and followed the same guidelines as NIH, they acknowledged they did not use a formal mechanism to identify potential duplication of awards. CDC officials explained that CDC did not have a methodology to ensure that its grant awards did not duplicate funding for the same or similar work at the individual grantee level. According to CDC officials, grant management staff are responsible for being knowledgeable of their programs and therefore should know what other funding sources their grantees receive. These officials explained that for some programs, to address duplication and overlap grant managers may review other funding sources listed in the application and try to determine whether any duplication or overlap could exist.

We found that both selected subagencies within Interior (NPS and FWS) also lacked formal guidance instructing grant management staff to review grant applications for potential duplication and overlap at the grant award level.³³ NPS officials said they lacked a consistent process to assess potential overlap in funding across different federal agencies or even across different subagencies within Interior (e.g., between NPS and FWS). NPS officials acknowledged that such a process could be helpful to identify potential duplication and overlap across NPS grant programs. FWS officials explained they did not have an official policy to review grant applications for duplication and overlap, but it is a common topic that comes up at pre-award grant panel review meetings. Officials from NPS also pointed out that grants may intentionally fund the same type of project in order to provide grant funding to applicants in different geographical locations. While these officials said it is not likely that unintended duplication occurs, they acknowledged it is possible that grant applicants could receive unintended duplicate funding due to the lack of formal written guidance requiring grant award panels to look for duplication and overlap of funding sources as part of their reviews.

Within USDA, we found that FNS lacked a formal guidance mechanism instructing grant management staff to review grant applications for duplication and overlap. However, grant management staff for the three

³³NPS issued new financial assistance policies and procedures guidance to its financial assistance personnel in May 2015. FWS issued its financial assistance business process guidance in September 2015. Neither guidance document includes instructions to search potential grant awards for duplication and overlap.

selected FNS grant programs explained that an informal review did exist to identify potential duplication and overlap. Staff for one program described how they reached out to other grant programs with overlapping program goals through informal professional working groups in which staff from different programs meet and share information, including trying to identify potential duplicate or overlapping grant funding by sharing lists of potential grantees.

COFAR Has Updated Its Priorities but Has Made Limited Progress in Planning, Coordination, and Communication

COFAR has made limited progress in developing an implementation schedule for achieving its priorities, articulating roles and responsibilities for its council members, and developing a strategy for communicating with stakeholders as we recommended in 2013.³⁴ In 2013, we also evaluated the extent to which COFAR reflected key features of interagency councils that effectively implement their programs, including (1) establishing implementation goals and tracking progress toward these goals, (2) identifying and agreeing on leadership roles and responsibilities for the council members, and (3) ensuring that all relevant participants are included.³⁵ We recommended that the director of OMB, along with COFAR, develop and make publicly available an implementation schedule of the COFAR priorities, clarify roles and responsibilities for COFAR members, and improve efforts to develop an effective two-way communication strategy with the grant recipient community. OMB generally concurred with these recommendations.

COFAR's Implementation Schedule Continues to Lack Detail on Achieving Priorities

In our 2013 report, we found that COFAR needed to establish an implementation schedule and track progress toward priorities to help pinpoint performance shortfalls and suggest midcourse corrections, including any needed adjustments to future priorities and milestones. In

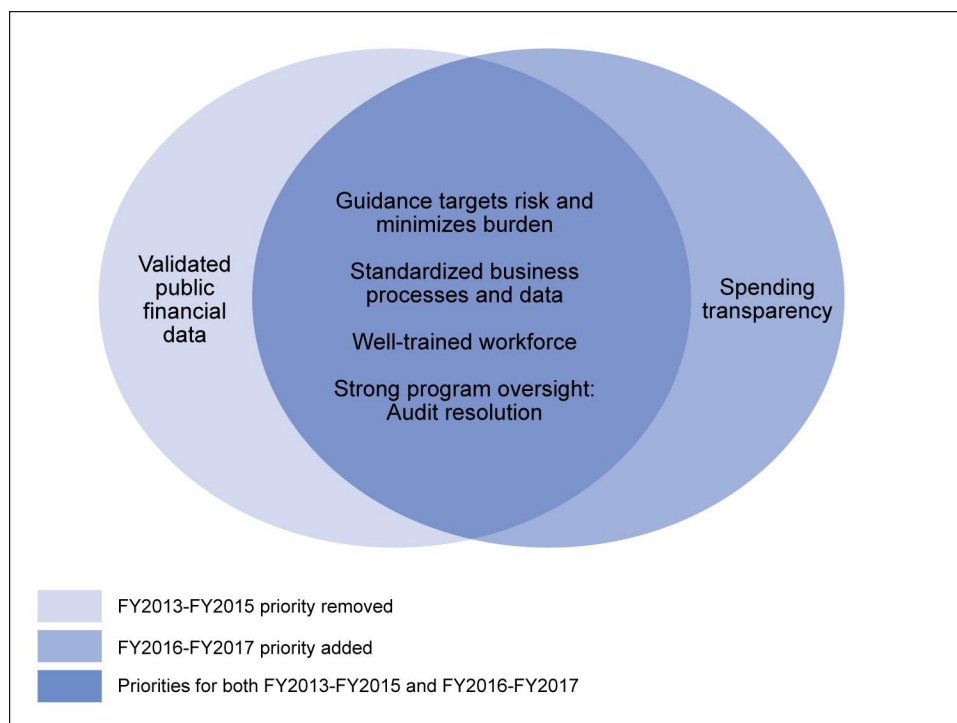
³⁴[GAO-13-383](#).

³⁵GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanism*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

February 2013, COFAR posted its original priorities for fiscal years 2013 through 2015 to the U.S. Chief Financial Officers Council website.³⁶ These priorities were revised and reposted in December 2013. According to OMB staff, the priorities were developed through a series of COFAR meetings to ensure that the priorities reflected the way grants management issues should be framed. OMB staff told us that the priorities for fiscal years 2016 through 2017 remain largely unchanged from those for fiscal years 2013 through 2015 since COFAR has a multiyear focus. COFAR's publicly stated priorities are shown in figure 4. The most significant changes were the elimination of "validated public financial data" from COFAR's priorities for fiscal years 2013 through 2015 and the addition of "spending transparency" as a new priority for fiscal years 2016 through 2017. To address each priority, COFAR identified challenges, accomplishments and short- and long-term deliverables to show the implementation status of each priority in its priority document.

³⁶In our 2013 report we referred to COFAR's priorities as priority goals. Priority goals is the term commonly used under the GPRA Modernization Act of 2010 (GPRAMA) to describe agency-level and cross-cutting efforts towards government performance. So as not to imply that COFAR is subject to the requirements of GPRAMA, in this report we refer to them as priorities.

Figure 4: Council on Financial Assistance Reform Priorities for Fiscal Years 2013-2015 and Fiscal Years 2016-2017



Source: GAO analysis of Council on Financial Assistance Reform information. | GAO-17-113

Note: In December 2013, COFAR fiscal year 2013-2015 priority language changed from: “Universally Standardized Business Processes” to “Standardized Business Processes and Data;” “Highly Qualified Personnel” to “Well Trained Workforce;” and “Strong Program Oversight” to “Strong Program Oversight: Audit Resolution.” Fiscal year 2016-2017 priorities remained consistent with December fiscal year 2013-2015 priorities except for the addition of “Spending Transparency.”

Although COFAR released its updated priorities for fiscal years 2016 through 2017, it continues to face the same challenges that we identified in our 2013 report. As of September 2016, COFAR had not yet released to the public an implementation schedule that includes key elements such as performance targets, mechanisms to monitor, evaluate, and report on progress made toward stated priorities, and council members who can be held accountable for those priorities.³⁷ For example, in the workforce development priority, COFAR reported finalizing and publishing a “Grants

³⁷ On September 30, 2014, OMB issued Memorandum M-14-17 that set forth requirements for the collection and use of administrative and audit metrics for the Uniform Guidance. These metrics relate to one of the five COFAR priorities—Strong Program Oversight and Audit Resolution.

101” course outline and content of several modules for the federal workforce as an accomplishment and short-term deliverable. Although COFAR developed and implemented the first three online training course modules, a mechanism does not exist to determine the extent to which the courses are used. According to OMB staff, they have not conducted a survey for users of the training, although they reported having received favorable feedback from some users.

We have found that agencies engaged in collaborative efforts need to create the means to monitor and evaluate their efforts to better identify areas for improvement. Reporting on these activities can help decision makers, as well as stakeholders, to obtain feedback for improving both policy and operational effectiveness.³⁸ In our 2013 report, we recommended that the Director of OMB, in collaboration with the members of COFAR, develop and make publicly available an implementation schedule that includes performance targets, council members who can be held accountable for priorities, and mechanisms to monitor, evaluate, and report on results. OMB generally concurred with our recommendation.³⁹ We continue to believe that implementing our 2013 recommendation and developing a detailed implementation schedule can help ensure progress toward COFAR’s priorities.

COFAR Member Roles and Responsibilities Remain Undefined

In 2012, we reported that when interagency councils clarify who will do what, identify how to organize their joint and individual efforts, and articulate steps for decision making, they enhance their ability to work together and achieve results.⁴⁰ In our previous work, we have found that agencies involved in grants management reforms are not always clear on their roles and responsibilities which may cause such initiatives to languish. In 2013, we reported that COFAR lacked clearly articulated roles and responsibilities for its members. We recommended that the Director of OMB, in collaboration with the members of COFAR, clarify the roles and responsibilities for various streamlining initiatives and steps for

³⁸GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

³⁹[GAO-13-383](#).

⁴⁰[GAO-12-1022](#).

decision making, in particular how COFAR would engage with relevant grant-making agency stakeholders and use agency resources. In response, OMB staff acknowledged that more needed to be done to clarify roles and responsibilities. As of September 2016, OMB could not provide us with any statement identifying or documentation supporting the various roles and responsibilities of the COFAR members. According to OMB staff, COFAR is an executive group designed to provide agencies with a forum to make recommendations to OMB to guide federal grant-making policy. Further, OMB staff told us that OMB does not prescribe what their roles and responsibilities will be as COFAR members. We continue to believe that implementing our 2013 recommendation and defining roles and responsibilities of COFAR members can help enhance cooperation.

COFAR's Two-Way Communication Efforts Continue to Exclude Certain Grantee Stakeholders

In 2012, we reported that failure to effectively engage with stakeholders to understand and address their views can undermine or derail an initiative. To that end, it is critical that agencies identify who the relevant stakeholders are and develop a two-way strategy for communicating with stakeholders.⁴¹ According to OMB staff, COFAR and the Financial Assistance Committee for E-Gov (FACE) provide a two-way communication mechanism with the entire grant-making community to engage in interactions on policy, grant-making, operational, and technical issues. OMB staff said FACE was formed in 2011 after the creation of COFAR and allows grant-making agencies to raise issues to COFAR. However, limited information is publicly available about FACE. According to a General Services Administration website, FACE is a functional community group dedicated to addressing the needs of the federal financial assistance community as it relates to collection, usage, dissemination, and display of federal financial assistance data.⁴²

We interviewed officials from associations representing the grantee community, state and local governments, universities, and nonprofit

⁴¹GAO, *Streamlining Government: Questions to Consider When Evaluating Proposals to Consolidate Physical Infrastructure and Management Functions*, [GAO-12-542](#) (Washington, D.C.: May 23, 2012).

⁴²General Services Administration, *Governance and Guidance*, date accessed, September 22, 2016. <http://www.gsa.gov/portal/category/108243>.

recipients about their two-way communication with COFAR or FACE. Selected association officials we interviewed reported that they had interactions with OMB but did not interact directly with COFAR or FACE and were generally not familiar with FACE as a viable option for these associations to communicate with COFAR. Officials from two of the associations we interviewed said that in meeting with OMB staff about their grant-related issues, they were told that concerns raised to OMB would be brought to COFAR to be addressed. This raised concern for some association officials because they did not believe issues that were unique to their members and the grantee community were being raised and adequately represented to COFAR. For example, an association official raised concerns that since the National Science Foundation rotated off COFAR, the research community's perspective was no longer being represented in terms of grant policy, and the research community would be better served if they were able to communicate directly to COFAR and not through OMB.

In our 2013 report, we recommended that the Director of OMB, in collaboration with the members of COFAR, improve efforts to develop an effective two-way communication strategy that includes the grant recipient community, smaller grant-making agencies that are not members of COFAR, and other entities involved with grants management policy. OMB agreed with our recommendation that it needed to work with COFAR to develop an effective two-way communication strategy that includes the grant recipient community. According to OMB staff they now communicate with nonfederal entities primarily through webcasts on best practices, by participating in conferences, and by making presentations at various nonfederal organizations about implementation of the Uniform Guidance. We continue to believe that fully implementing our 2013 recommendation can help improve effective two-way communication.

Conclusions

The more than \$600 billion in federal grants to state and local governments made in fiscal year 2015 address diverse national objectives. Achievement of these objectives is in part dependent on effective implementation of merit-based processes for grantee selection. The importance of a fair and transparent process to review grant applications and appropriately assess grantee risk is essential to make competitive award decisions. The merit-review process for competitive grants can take different forms such as internal agency review or external peer review panels. The Uniform Guidance establishes requirements and

guidelines that offer some opportunities to standardize the review process as well as the risk assessment framework agencies apply to grantees prior to making an award.

Our review determined that selected subagencies all had merit-review processes in place for competitive awards and all had risk assessment processes established to identify potential grantee risks related to their ability to implement the proposed grant project while also having appropriate financial controls in place to appropriately account for federal funds. However, we found that not all subagencies identified in their public notices the merit selection criteria they would use, the weighted values that would be applied to those criteria, or how cost sharing would be considered, limiting the transparency of the application and review process for both the applicant and the reviewing agency. Similarly, review processes at two subagencies routinely incorporated a check for duplication and overlap at the grant award level—a useful tool to promote stronger oversight of federal grant dollars. The other four subagencies took a less formal approach to identifying potential duplication or award overlap, although they acknowledged the importance of having information about applicants’ other funding sources, if any. Requiring reviews for duplicative or overlapping awards and establishing the requirement in agency guidance would promote stronger controls to ensure federal grant funds are efficiently awarded and avoid potential duplication or overlap when necessary.

In 2013, we identified certain challenges related to COFAR’s priorities and its lack of an implementation schedule. We recommended that OMB make publicly available a detailed implementation schedule for COFAR, clarify the roles and responsibilities of COFAR members, and develop an effective two-way communication strategy with relevant stakeholders. COFAR continues to lack a publicly available detailed implementation schedule and a method to evaluate and monitor its progress toward its priorities. The absence of assigned roles and responsibilities for COFAR members and a means to include all grantee stakeholder communities in grant policy development indicate that action is still needed to fully implement our prior recommendations. Implementing these recommendations would help ensure transparency and open communication with the public, federal agencies, and grantee stakeholders.

Recommendations for Executive Action

1. To improve transparency in the grant merit-review process, we recommend that the Secretary of the Department of the Interior direct the Fish and Wildlife Service to issue written guidance to require all competitive grant programs to clarify in the public notice of funding opportunity all review criteria, including cost sharing factors as relevant, and their related scores to be used to make final award decisions.
2. To reduce the risk of duplicative and overlapping funding at the grant award level, we recommend that the Secretary of the Department of the Interior direct the National Park Service and the Fish and Wildlife Service to issue written guidance that ensures their grant management staff review grant applications for potential duplication and overlap before awarding their competitive grants and cooperative agreements.
3. To reduce the risk of duplicative and overlapping funding at the grant award level, we recommend that the Secretary of Agriculture direct the Food and Nutrition Service to issue written guidance that ensures its grant management staff review grant applications for potential duplication and overlap before awarding competitive grants and cooperative agreements.
4. To reduce the risk of duplicative and overlapping funding at the grant award level, we recommend that the Secretary of Health and Human Services direct the Centers for Disease Control and Prevention to issue written guidance that ensures its grant management staff review grant applications for potential duplication and overlap before awarding competitive grants and cooperative agreements.

Agency Comments and Our Evaluation

We provided a draft of this report to the Office of Management and Budget and the Departments of Health and Human Services, the Interior, and Agriculture for review and comment. HHS provided a written response and its letter is reprinted in appendix II. The other agencies provided comments by email or orally. All the agencies agreed with the recommendations made to them. Specifically:

- In its written comments, HHS stated that CDC will draft guidance to reduce the potential for duplication or overlap before awarding a grant or cooperative agreement.
- After reviewing the draft report, Interior provided oral comments and additional documentation subsequent to the dates of our sample of grant programs and collection of documentation related to the programs that established mandatory templates for all NPS grant public notices. The templates, as updated in July 2016, require that the review criteria specify the scoring to be used and clarify whether and how cost sharing would be considered in evaluating applications. Consequently, we removed a recommendation regarding NPS's lack of written guidance on these matters. An email from Interior's Audit Liaison Office also states that Interior agreed to take actions to address the recommendation we made to NPS and FWS to issue written guidance that ensures their grant management staff review grant applications for potential duplication and overlap before awarding their competitive grants and cooperative agreements.
- In an email from the audit coordinator, USDA responded that it agreed with the recommendation made to FNS and will prepare a statement of action to address the recommendation when our report is issued.
- OMB staff stated in oral comments and in an email that the recommendations that we made related to COFAR in 2013, and restate in this report, are not legally required but agreed that to drive accountability it is important to promote transparency of interagency councils and for COFAR to continue to provide the public information about its priorities and progress made. We continue to believe that fully implementing our 2013 recommendations—by developing and making publicly available an implementation schedule of priorities; defining roles and responsibilities of COFAR members; and improving effective two-way communication—will enhance the transparency and accountability of an interagency council.

We are sending copies of this report to the heads of the Departments of Health and Human Services, Interior, Agriculture and OMB, as well as interested congressional committees and other interested parties. This report will also be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff has any questions about this report, please contact me at (202) 512-6806 or bawdena@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of our report. Key contributors to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read "Allison Bawden". The signature is fluid and cursive, with a long horizontal stroke at the end.

Allison B. Bawden
Acting Director, Strategic Issues

List of Requesters

The Honorable Thomas R. Carper
United States Senate

The Honorable Kirsten Gillibrand
United States Senate

The Honorable Ron Johnson
United States Senate

The Honorable James Lankford
United States Senate

The Honorable Claire McCaskill
United States Senate

Appendix I: Grant Programs Selected for In-depth Review

Table 1: Nineteen Grant Programs Selected for In-depth Review

Program name	Agency/sub-agency	Program objectives
Environmental Health Services Support for Public Health Drinking Water Programs to Reduce Drinking Water Exposures	Department of Health and Human Services (HHS)/Centers for Disease Control and Prevention	To improve the capacity of state and local health departments, U.S. Territories and Native American Tribal health agencies to identify, address, and close domestic drinking water program performance gaps using performance improvement activities that align with the 10 Essential Environmental Public Health Services; improve efficiency and effectiveness of drinking water programs; and, to identify and reduce exposures from waterborne contaminants.
Improving Response to and Programming in Humanitarian Emergencies	HHS/Centers for Disease Control and Prevention	To bring public health and epidemiologic principles to the aid of populations affected by complex humanitarian emergencies.
Working with Publicly Funded Health Centers to Reduce Teen Pregnancy among Youth from Vulnerable Populations	HHS/Centers for Disease Control and Prevention	To promote optimal and equitable health in women and infants through public health surveillance, research, leadership, and partnership to move science to practice.
Molecular Mechanisms of Combination Adjuvants	HHS/National Institutes of Health-Allergy and Infectious Diseases	To assist public and private nonprofit institutions and individuals to establish, expand, and improve biomedical research and research training in infectious diseases and related areas; to conduct developmental research; to produce and test research materials.
Maternal-Fetal Medicine Units Network	HHS/National Institutes of Health-Eunice Kennedy Shriver National Institute of Child Health and Human Development	To conduct and support laboratory research, clinical trials, and studies with people that explore health processes.
Intellectual & Developmental Disabilities Research Centers	HHS/National Institutes of Health-Eunice Kennedy Shriver National Institute of Child Health and Human Development	To conduct and support laboratory research, clinical trials, and studies with people that explore health processes.
Medical Rehabilitation Research Resource	HHS/National Institutes of Health-Eunice Kennedy Shriver National Institute of Child Health and Human Development ^a	To support hypothesis-, design-, technology- or device-driven research related to the discovery, design, development, validation, and application of technologies for biomedical imaging and bioengineering; to support extramural research funded by the National Institute of Neurological Disorders and Stroke; to expand and improve the Small Business Innovation Research program; to utilize the Small Business Technology Transfer program; and to conduct and support laboratory research, clinical trials, and studies with people that explore health processes. ^b
Wolf Livestock Demonstration Project Grant Program	Department of the Interior (Interior)/Fish and Wildlife Service	To provide federal financial assistance to livestock producers undertaking proactive, nonlethal activities to reduce the risk of livestock loss due to predation by wolves and to compensate livestock producers for livestock losses due to such predation.

Appendix I: Grant Programs Selected for In-depth Review

Program name	Agency/sub-agency	Program objectives
Aquatic Invasive Species Program	Interior/Fish and Wildlife Service	To provide technical and financial assistance to other federal agencies, states, local governments, native American tribes, nongovernmental organizations, citizen groups, and land owners on the conservation and management of fish and wildlife resources, including minimizing the establishment, spread, and impact of aquatic invasive species.
Conservation Program to Introduce Youth to Natural Resource Conservation	Interior/Fish and Wildlife Service	To provide experiential, education, and employment program opportunities for youth of all ages to participate in conservation activities conducted by the Fish and Wildlife Service or in collaboration with other Interior bureaus.
The Business Plan Internship Program	Interior/National Park Service	To support projects complementary to National Park Service program efforts in resource conservation and protection, historical preservation, and environmental sustainability.
Historic Preservation Fund Grants to Underrepresented Communities	Interior/National Park Service	To provide matching grants to states for the identification, evaluation, and protection of historic properties.
Conservation Activities by Youth Service Organizations	Interior/National Park Service	To utilize qualified youth or conservation corps to carry out appropriate conservation projects that the Secretary is authorized to carry out under other authority of law on public lands.
Food Distribution Program Nutrition Education	U.S. Department of Agriculture (USDA)/Food and Nutrition Service	To enhance the nutritional knowledge of Food Distribution Program on Indian Reservations participants underserved by the Supplemental Nutrition Assistance Program-Nutrition Education.
Farm to School Grant Program	USDA/Food and Nutrition Service	To assist eligible entities, through grants and technical assistance, in implementing farm to school programs that improve access to local foods in eligible schools.
Professional Standards Training Grants	USDA/Food and Nutrition Service	To ensure that school nutrition personnel have the training and tools they need to plan, purchase, and prepare safe, nutritious, and enjoyable school meals.
Mathematics Curriculum Development for Department of Defense Education Activity Worldwide Department of Defense Schools	USDA/National Institute of Food and Agriculture	To create 30 mathematical model units (5 per grade level for grades K-5) needed for teacher use in Department of Defense Education Activity schools during the remainder of the 2015-16 school year.
Hispanic-Serving Institutions Education Grants	USDA/National Institute of Food and Agriculture	To promote and strengthen the ability of Hispanic-Serving Institutions to carry out higher education programs in the food and agricultural sciences.
Agriculture and Food Research Initiative	USDA/National Institute of Food and Agriculture	To establish a competitive grants program to provide funding for fundamental and applied research, extension, and education to address food and agricultural sciences.

Source: GAO analysis of Catalog of Federal Domestic Assistance program descriptions. | GAO 17-113

^aThe National Institute of Neurological Disorders and Stroke and the National Institute of Biomedical Imaging and Bioengineering are two additional component institutes that took part in the funding of this grant.

^bThis grant is also funded under Catalog of Federal Domestic Assistance 93.286, 93.853, and 93.865.

Appendix II: Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation
Washington, DC 20201

DEC 13 2016

Allison Bawden
Acting Director, Strategic Issues
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. Bawden:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, *"Grants Management: Selected Agencies Should Clarify Merit-Based Criteria and Provide Guidance for Reviewing Potentially Duplicative Awards"* (GAO-17-113).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

A handwritten signature in black ink, reading "Jim R. Esquea", is positioned above the printed name.

Jim R. Esquea
Assistant Secretary for Legislation

Attachment

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT ENTITLED: GRANTS MANAGEMENT: SELECTED AGENCIES SHOULD CLARIFY MERIT-BASED CRITERIA AND PROVIDE GUIDANCE FOR REVIEWING POTENTIALLY DUPLICATIVE AWARDS (GAO-17-113)

The U.S. Department of Health and Human Services (HHS) appreciates the opportunity from the Government Accountability Office (GAO) to review and comment on this draft report.

Recommendation

To reduce the risk of duplicative and overlapping funding at the grant award level, the Secretary of HHS direct the Centers for Disease Control and Prevention (CDC) to issue written guidance that ensures its grant management staff review grant applications for potential duplication and overlap before awarding CDC competitive grants and cooperative agreements.

HHS Response

HHS concurs with this recommendation. CDC will draft guidance to reduce the potential for duplication or overlap before awarding a grant or cooperative agreement.

Appendix III: GAO Contact and Staff Acknowledgements

GAO Contact:

Allison B. Bawden, (202) 512-6806 or bawdena@gao.gov

Staff Acknowledgements:

In addition to the contact named above, Thomas M. James (Assistant Director), Keith O'Brien (Analyst-in-Charge), Sandra L. Beattie, Crystal Bernard, Amy Bowser, Steven Flint, Joseph Fread and Michelle Sager made major contributions to this report. Other key contributors include Joseph Cook, Donna Miller, John Neumann, Cynthia Saunders, and Travis Schwartz.

Appendix IV: Accessible Data

Data Tables

Figure 1: Outlays of Federal Grants to States and Local Governments in Fiscal Year 2015 Constant Dollars, Fiscal Years 1980-2015 (billions of dollars)

Year	Non-Medicaid federal grant outlays	Medicaid federal grant outlays
1980	230.3	35.2
1981	217	39
1982	189	37
1983	190	39
1984	194	40
1985	204	44
1986	211	47
1987	199	50
1988	206	54
1989	209	59
1990	224	68
1991	247	84
1992	278	106
1993	295	115
1994	314	122
1995	328	130
1996	326	132
1997	330	134
1998	342	141
1999	368	148
2000	385	159
2001	418	170
2002	456	191
2003	493	204
2004	504	218
2005	514	218
2006	505	210
2007	502	216
2008	511	223
2009	590	275
2010	661	296

Year	Non-Medicaid federal grant outlays	Medicaid federal grant outlays
2011	646	293
2012	569	262
2013	561	273
2014	583	305
2015	624.4	349.8

Agency Comment Letter

Text of Appendix II: Comments from the Department of Health and Human Services

Page 1

Allison Bawden

Acting Director, Strategic Issues

U.S. Government Accountability Office

441 G Street NW

Washington, DC 20548 Dear

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Assistant Secretary for Legislation

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Page 2

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