

GAO@100 Highlights

Highlights of [GAO-21-318](#), a report to congressional committees

Why GAO Did This Study

Federal grants to state and local governments totaled \$721 billion in fiscal year 2019. OMB has established requirements to ensure accountability for such funds. In March 2020, OMB identified flexibilities related to those requirements to support grantees' response to COVID-19.

The CARES Act includes a provision for GAO to report on its ongoing monitoring and oversight efforts related to the COVID-19 pandemic. This report is a part of that body of work and examines: (1) how selected agencies made grant flexibilities available, and how grantees reported using them; (2) how OMB and selected agencies developed and implemented grant flexibilities; and (3) the extent to which OMB has identified lessons learned from the use of grant flexibilities.

GAO reviewed documents and interviewed officials at OMB and three agencies. GAO selected those agencies because they account for approximately two-thirds of federal grant spending. GAO also interviewed officials from 16 organizations representing grantees. GAO assessed OMB and agencies' development and implementation of the flexibilities against relevant internal control standards. GAO also assessed OMB's efforts to identify lessons learned against criteria identified in prior work.

What GAO Recommends

GAO is making one recommendation to OMB to collect and share lessons learned from the use of grant flexibilities. OMB generally agreed with the recommendation.

View [GAO-21-318](#). For more information, contact Michelle Sager at (202) 512-6806 or sagem@gao.gov.

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GRANTS MANAGEMENT

OMB Should Collect and Share Lessons Learned from Use of COVID-19-Related Grant Flexibilities

What GAO Found

In March and April 2020, the Office of Management and Budget (OMB) identified 15 exceptions to government-wide grants management requirements agencies could make available to grantees and grant applicants. Referred to as flexibilities, OMB's memorandums stated that they were intended to help grantees respond to and address organizational challenges stemming from COVID-19 by reducing administrative burden without compromising accountability. OMB rescinded most flexibilities in June 2020. All flexibilities expired by the end of December 2020.

Examples of Office of Management and Budget-Identified Grant Flexibilities

| Flexibility | Description |
|--|--|
| Salaries and other project activities | Agencies could allow grantees to continue to charge salaries and benefits (consistent with grantee pay policies) and other costs necessary to resume grant activities. |
| Financial and other reporting extensions | Agencies could allow grantees to submit financial and other reporting up to 3 months beyond its due date. |

Source: Office of Management and Budget. Note: For more detail, see table 1 in [GAO-21-318](#). | [GAO-21-318](#)

The flexibilities were broadly available at the three selected agencies—the Departments of Education, Health and Human Services, and Transportation. Officials from grantee organizations told GAO that grantees reported using the flexibilities to address unprecedented operational disruptions related to COVID-19, such as having to close offices or laboratories in response to stay-at-home orders early in the pandemic. For example, research grantees reported using a flexibility to continue using federal grant funding to pay the salaries of employees unable to work during shutdowns. They reported that this flexibility allowed them to retain employees and be prepared to restart grant-funded work when it was safe to do so.

OMB and selected agencies leveraged existing grants management processes to develop and implement the flexibilities in line with relevant internal control standards, such as risk assessment and communication. For example, OMB consulted with agencies involved in a government-wide effort to modernize grants management policy to identify flexibilities that would strike a balance between helping grantees respond to the pandemic and maintaining controls against waste, fraud, and abuse of federal grant funds. Offices responsible for grants management policy at each selected agency then issued agency-wide guidance communicating the available flexibilities and policies and procedures for implementing them.

In prior work, GAO has found that collecting and sharing lessons learned from programs or projects helps organizations share information for improving work processes and factor beneficial information into future planning. While OMB is relying on agencies to individually document lessons they learned using the flexibilities, it has not established a process to collect and share lessons learned widely across the federal government. Such an effort could help OMB and agencies understand the extent to which the flexibilities assisted grantees while maintaining accountability. The COVID-19 pandemic was the third time in recent years that OMB identified flexibilities when crises disrupted grantees' ability to continue managing their grants as they normally do. Collecting and sharing lessons learned widely could also help inform future OMB and agency decisions.