

# GAO Highlights

Highlights of [GAO-23-106797](#), a testimony before the Committee on Homeland Security and Governmental Affairs, U.S. Senate

## Why GAO Did This Study

Federal grants play an important role in funding national priorities. Some examples include increasing student access to higher education and helping to care for the economically disadvantaged by funding nutrition programs and housing assistance. Recently, grants have also provided a key tool for responding to the health and economic crisis caused by the COVID-19 pandemic and rebuilding the country's infrastructure.

Federal grants represent a substantial financial commitment. In fiscal year 2022, federal aid to tribal, state, local, and territorial governments—primarily through grants—was \$1.2 trillion.

GAO has reviewed numerous aspects of federal grants management spanning several decades. A number of common themes have arisen from GAO's work and contribute to observations on long-standing challenges.

This statement is based on GAO's prior reports and testimony related to its body of work on federal grant management and focuses on long-standing challenges in the areas of capacity, streamlining, transparency, and internal control and oversight.

## What GAO Recommends

GAO has made many recommendations to improve the management and oversight of federal grants. Agencies have generally agreed with GAO, but work remains to fully implement several recommendations. GAO maintains that implementing the remaining recommendations will help to address grant management challenges.

View [GAO-23-106797](#). For more information, contact Jeff Arkin at (202) 512-6806 or [arkinj@gao.gov](mailto:arkinj@gao.gov).

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## GRANTS MANAGEMENT Observations on Challenges with Access, Use, and Oversight

### What GAO Found

GAO has identified challenges on federal grants management in its work spanning several decades, including in the following areas:

- **Capacity.** A lack of capacity for grant recipients can adversely affect their ability to successfully access, manage, and implement grant programs. For example, GAO's previous work on municipalities in fiscal crisis reported that the City of Flint, Michigan struggled to generate the local resources needed to make the city competitive for some federal grants. Federal agencies can help organizations mitigate capacity limitations through technical assistance and by making available federal or other revenue dedicated to covering the cost of grant administration and oversight.
- **Streamlining.** GAO's work has shown that when grants management requirements are duplicative or overly burdensome, agencies must direct resources toward meeting them. This can make an agency's programs and services less cost effective and increase burden for grant recipients. Addressing these challenges may achieve cost savings and result in greater efficiencies in grant programs. The federal government has continued efforts to examine and implement methods to streamline grants management and reduce recipient burden. For example, GAO recommended that OMB collect and share lessons learned from the use of grant flexibilities related to the COVID-19 pandemic.
- **Transparency.** Greater transparency of grant spending can help Congress and the public understand how and where federal grant funds are spent. However, GAO previously identified challenges related to the timeliness, completeness, and accuracy of grant data on [USAspending.gov](#), the federal government's official source for spending data. Likewise, GAO and other relevant federal entities have identified challenges with the completeness and accuracy of subaward data displayed on [USAspending.gov](#). GAO has made several recommendations to OMB and Treasury to improve the quality of data on [USAspending.gov](#), and they have taken steps toward implementing them.
- **Internal controls and oversight.** GAO's work has shown that when awarding and managing federal grants, effective oversight and internal control is important to provide reasonable assurance to federal managers and taxpayers that grants are awarded properly, recipients are eligible, and federal grant funds are used as intended and in accordance with applicable laws and regulations. In 2021, GAO recommended that OMB incorporate appropriate measures to ensure that single audit guidance is issued timely and is responsive to users' input and needs. OMB stated that it issued its 2022 compliance guidance earlier than it has done in 15 years.