

**Comments from the Federal Grants Stakeholder Community
Submitted by the National Grants Management Association**

**Regarding the
Office of Federal Financial Management “Grant Reform”
Advance Notice of Proposed Guidance (February 28, 2012)**

The National Grants Management Association (NGMA) recognizes and has high regard for the fundamental role of the Office of Management and Budget in ensuring the effective and efficient management of Federal grants, and applauds OMB’s interest and efforts to improve the administration of Federal awards. NGMA appreciates OMB’s solicitation of stakeholder input during the recent development of proposed reforms to the Federal policies that govern those areas, and its request for comments in response to the February 28, 2012, *Federal Register* notice that detailed those proposals.

NGMA comprises a stakeholder community of seasoned grant professionals that shares OMB’s desire to improve the management of Federal grants, and has a strongly vested collective interest in the reforms that OMB has proposed. NGMA’s membership includes substantial grantor and grantee constituencies from Federal agencies; state, local, and tribal governments; nonprofits; higher education; school districts; hospitals; faith- and community-based organizations; and other entities.

Since funding agencies and awardees share responsibility for the proper and effective administration of Federal grant dollars, NGMA urges OMB to engage the full range of grantee stakeholders in the newly formed Council on Financial Assistance Reform. NGMA encourages OMB to hold public meetings for different types of grantees (including nonprofits and tribal organizations), and to meet separately with NGMA as part of its ongoing commitment to involve the broad stakeholder community in these critical grant reform discussions.

Despite their varying roles and experiences relative to the grants process, the diverse stakeholders represented by NGMA have provided some common feedback and recommendations on the major areas of reform described in the Feb. 28 *Federal Register* notice, which are captured below:

REFORMS TO AUDIT REQUIREMENTS

Performance of Circular A-133 single audits:

- NGMA supports the proposed changes to the single audit threshold
- Prior single audits can provide valuable information on whether a potential subrecipient has the capability to manage a grant
- A-133 audits provide somewhat of a “security blanket” (i.e., a backup system to a pass-through entity’s monitoring activities) to determine if subrecipients were compliant
- Issues:
 - Widespread perception in stakeholder community that A-133 process is broken and in need of fixing
 - Some pass-through entities experience their monitoring and documentation reviews as more effective tools for evaluating subrecipients than A-133 audits
 - Where established, local policies may more effectively ensure compliance with grant requirements than A-133 audits
 - Quality of single audits heavily depends on individual auditor; examples:

- An Office of Inspector General audit concluding that a particular organization’s single audit was too broad and failed to identify questioned costs
 - Junior auditors asking an auditee if a particular expense is allowable
 - Perception and experience of A-133 audits as “labor-intensive accounting paperwork,” “redundant and expensive”
- Recommendations:
 - Conduct upfront capability audit, performed by expert in Federal grants management and accounting

Audit Resolution Determinations:

- Issues:
 - Lack of consistency
 - Audit resolution process ought to be more cooperative
 - Audit resolution process ought to be faster; differences of opinion between OIG auditors and agency program/grants offices can cause audit resolution to take years instead of months
- Recommendations:
 - Establish a government-wide appeal process to enforce common interpretation across agencies through development of a body of case law
 - Empower Grants Officers to make agency management decisions (like contracting officers), especially considering new OPM Series and education requirements
 - Establish an Office of Financial Assistance Policy (like OFPP has for procurement contracts)

REFORMS TO COST PRINCIPLES

Cost Principles:

- Equipment and property:
 - Issue: Some agencies interpret “in perpetuity” and never release
 - Recommendation: remove post-award restrictions
- Time and effort:
 - Issue: Excessively burdensome for most recipient types
 - Recommendation: Relax requirements to be more like the ones for universities

REFORMS TO ADMINISTRATIVE REQUIREMENTS

“Common rules”:

- Issue: Differing agency interpretations and requirements
- Recommendations:
 - Eliminate differing interpretations/requirements unless supported by statute
 - Eliminate unique grant policies and guidances with additional and differing requirements
 - Provide clear, written guidance on grants administration to promote consistency
 - Develop one common award notice
 - Develop one common set of award terms and conditions

NGMA is submitting two related documents with these comments, at the recommendation of NGMA Board Member and counsel, Stacia Davis Le Blanc, Esq. The first item is a recent article from the *Public Contract Law Journal* emphasizing the need for a consistent forum to resolve grant and cooperative agreement disputes, and proposing the implementation of a Grant and Cooperative Agreement Appeal Board. The second item is recommended language from Ms. Le Blanc to the House version of S.303 to enforce commonality across Federal agencies.

NGMA would be happy to meet with OMB to discuss this feedback from the grants community, and is available and prepared to assist OMB in any manner necessary with its consideration and implementation of reforms in these critical areas to support improvements in the administration of Federal grants.

Respectfully,

A handwritten signature in black ink, appearing to read "Merrill E. Oliver". The signature is written in a cursive, flowing style.

Merril Oliver
President, National Grants Management Association

Enclosures:

Marque Note

SDL Edits Incorporated Into House Changes of S.303