AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

Federal Register

Wednesday,
January 17, 2001

Part XII

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Small Business Administration
National Aeronautics and Space Administration
Social Security Administration
Department of Commerce
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Department of Interior
Federal Emergency Management Agency
Department of Health and Human Services
National Science Foundation
National Foundation on the Arts and the Humanities
Corporation for National Community Service
Department of Transportation

Federal Financial Assistance Management Improvement Act of 1999; Notice

DEPARTMENT OF AGRICULTURE

DEPARTMENT OF ENERGY

SMALL BUSINESS ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

SOCIAL SECURITY ADMINISTRATION

DEPARTMENT OF COMMERCE

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AGENCY FOR INTERNATIONAL DEVELOPMENT

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DEPARTMENT OF VETERANS AFFAIRS

ENVIRONMENTAL PROTECTION AGENCY

DEPARTMENT OF THE INTERIOR

FEDERAL EMERGENCY MANAGEMENT AGENCY

DEPARTMENT OF HEALTH AND HUMAN SERVICES

NATIONAL SCIENCE FOUNDATION

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

DEPARTMENT OF TRANSPORTATION

Request for Comment; Interim/Draft Plan of Action To Implement Public Law 106–107, the Federal Financial Assistance Management Improvement Act of 1999

AGENCIES: Department of Agriculture, Department of Energy, Small Business Administration, National Aeronautics and Space Administration, Social Security Administration, Department of Commerce, Department of State, Agency for International Development, Department of Housing and Urban Development, Department of Justice, Department of Labor, Department of the Treasury, Department of Defense, Department of Education, Department of Veterans Affairs, Environmental Protection Agency, Department of the Interior, Federal Emergency Management Agency, Department of Health and Human Services, National Science Foundation, National Endowment for the Arts—National Foundation on the Arts and the Humanities, National Endowment for the Humanities—ional Foundation on the Arts and the Humanities, Institute of Museum and Library Services—National Foundation on the Arts and the Humanities, Corporation for National and Community Service, Department of Transportation.

ACTION: Notice; request for public comments

SUMMARY: This notice is a request for comments, intended to help the Federal agencies satisfy the provisions of Public Law 106–107, the Federal Financial Assistance Management Improvement Act of 1999 (henceforth ''the Act''), which requires each agency to develop and implement a plan that streamlines and simplifies the application, administrative, and reporting procedures for Federal financial assistance programs. The Act also requires the agencies to consult with representatives of non-Federal entities during the development and implementation of their plans.

This notice and interim/draft plan of action reflect the joint effort of the Federal grant-making agencies listed in Section X, below, to meet the requirements of the Act. The plan is being published for public comment in the **Federal Register** and on the Internet at the U.S. Chief Financial Officers Council's Grants Management Committee home page (http://www.financenet.gov/fed/cfo/grants/grants.htm), pursuant to Section 5 of the Act. One intent of the agencies is to use the information gathered through this notice to identify additional areas of the grant life cycle which lend themselves to common practices and implementation.

The Federal departments and agencies will refine this plan as the interagency, consultative effort identifies additional specific Federal Government actions needed to achieve the purposes of the Act. The initial plan will be submitted in May, 2001. As this plan evolves into more specific actions, the Federal agencies, after consultations with affected constituencies, will submit updated information to Congress in the annual implementation reports required by the Act.

Desired Focus of Comments

The participating agencies request your comments on the Federal grantmaking process and the objectives outlined in this plan, particularly on the following questions. To the maximum extent possible, please provide specific information in your responses. For example, the name of the Federal program or the number of a particular form. This information will assist the agencies in their efforts to reform these programs.

I. Application and Reporting Forms

A. Please identify application and reporting forms you believe could be improved or streamlined.

B. Please identify specific data elements on these forms that you believe could be eliminated or combined to reduce reporting burden while still providing the Federal agency enough information to manage the program.

C. What programs do you think could share common application and reporting forms that currently do not? Do not limit your response to programs within the same agency. For example, if there are programs administered by the Department of Agriculture and the Department of Health and Human Services that you believe should share common forms because they share a similar purpose, please identify them.

D. How do you obtain copies of the forms you need for your grant? Are they readily available over the Internet, or are they provided in materials you received from your awarding agency, such as a funding notice or handbook? What forms have been difficult to locate in updated formats?

II. Terms and Conditions

A. What terms and conditions are attached to your grants that you believe are not treated consistently from program to program, and across the various Federal agencies?

B. How would you suggest the agencies create more uniformity in these terms and conditions?

III. Payment Systems

A. What payment systems are you currently required to use to receive grant payments?

B. Which of these systems offer on-line services?

C. Does the use of multiple payment systems by Federal agencies cause a burden on your financial system?

IV. Audit Issues

A. What could the Federal agencies do to improve your understanding of the Single Audit process?

B. Have you used the Single Audit Clearinghouse to obtain information on subrecipient audits?

C. Do you believe that single audits provide appropriate audit coverage for your programs and the programs where you are a pass-through entity?

V. Electronic Processing

A. What electronic processing systems do you currently use for your Federal grants? Please note any systems you use due to Federal agency requirements, as well as any systems or technologies your organization uses for other activities.

B. What is the likelihood that your organization would utilize an on-line application or financial reporting system?

C. How can the agencies best prepare your organization for the future use of electronic processing option for your grants?

DATES: Comments in response to this notice must be received on or before March 19, 2001. Each Federal agency will submit an implementation plan to OMB and Congress before May 20, 2001 and report annually thereafter.

ADDRESSES: General comments on this notice, and those relating to more than one Federal agency, should be addressed to: Attn: PL 106–107 Comments, Department of Health and Human Services, 200 Independence Avenue, SW, Room 517–D, Washington, DC 20201. Comments may also be transmitted by E-mail (PL106107@os.dhhs.gov) or by fax, (202) 690–8772. Comments that are specific to a particular Federal agency or program should be directed to the agency's contact listed at the end of this notice.

FOR FURTHER INFORMATION CONTACT: For general questions regarding this notice, please contact Rodd Clay, Office of Grants Management, Department of Health and Human Services by E-mail (rclay@os.dhhs.gov) or phone at (202) 690–8723; for the hearing impaired only: TDD 202–690–6415. For agency-specific issues, please contact the agency's contact listed at the end of this notice. Additional information regarding the agencies' reform efforts may be found at the Chief Financial Officers (CFO) Council's Grants Management Committee home page (*http://www.financenet.gov/fed/cfo/grants/grants.htm*).

SUPPLEMENTARY INFORMATION:

I. Purpose

This interim/draft plan of action is being presented for public comment. It was developed jointly by the Federal grant-making agencies listed in Section X, below, to meet the requirements of the Financial Assistance Improvement Act of 1999 (Public Law 106–107, henceforth ''the Act''). It sets out broad goals and objectives; describes an ongoing, coordinated interagency effort to implement the Act in consultation with non-Federal entities; and details accomplishments in some areas. The Federal agencies will refine this plan as the interagency, consultative effort identifies additional specific Federal Government actions needed to achieve the purposes of the Act. As this plan evolves into more specific actions, the Federal agencies, after consultations with affected constituencies, will submit updated information to Congress in the annual implementation reports required by the Act. This plan and the comments received will help the agencies to meet the requirements of the Act.

II. Background

Federal programs providing financial assistance comprise a large and diverse enterprise with widely varying purposes and recipient communities. The Catalog of Federal Domestic Assistance lists hundreds of programs in more than 25 Federal grant-making agencies with approximately $300 billion in annual expenditures. The programs stimulate or support a wide variety of public purposes in areas such as health, social services, law enforcement, agriculture, housing, community and regional development, education and training, and research.

III. Statutory Requirement

In enacting Public Law 106–107, Congress expressed concern that some requirements related to the award and administration of Federal financial assistance may be duplicative, burdensome, or conflicting, thus impeding the cost-effective delivery of services. Congress further found that State, local, and tribal governments and private, nonprofit organizations must deal with increasingly complex problems that require the delivery and coordination of many kinds of services and result in complex grant administration. To address these concerns, the Act requires each Federal agency to develop and implement a plan, with the direction, coordination and assistance of the Director of the Office of Management and Budget (OMB), in consultation with representatives of non-Federal entities, that:

- Streamlines and simplifies the application, administrative, and reporting procedures for Federal financial assistance programs administered by the agency;
- Demonstrates active participation in an interagency process to:
  - —Streamline and simplify administrative procedures and reporting requirements for non-Federal entities receiving Federal financial assistance;
  - —Improve interagency and intergovernmental coordination of information collection and sharing of data pertaining to Federal programs providing financial assistance; and
  - —Improve the timeliness, completeness, and quality of information received by Federal agencies from financial assistance recipients;
- Demonstrates appropriate agency use, or plans for use, of a common application and reporting system that includes:
  - —A common application or set of common applications, whereby a non-Federal entity can apply for Federal financial assistance from multiple Federal programs that serve similar purposes and are administered by different Federal agencies;
  - —A common system, including electronic processes, whereby a non-Federal entity can apply for, manage, and report on the use of financial assistance funding from multiple Federal programs that serve similar purposes and are administered by different Federal agencies; and
  - —Uniform administrative rules for Federal financial assistance programs across different Federal agencies;
- Designates a lead agency official for carrying out the responsibilities of the agency under the Act;
- Allows applicants the option to electronically apply for, and report on the use of, funds from programs of the agency that provides financial assistance;
- Ensures that recipients of financial assistance provide timely, complete, and high quality information in response to Federal reporting requirements; and
- Establishes, in cooperation with recipients of financial assistance, specific annual goals and objectives to further the purposes of the Act and measure annual performance as part of

the agency's planning responsibilities under the Government Performance and Results Act of 1993 (Public Law 103–62).

IV. Goal

An appropriate interagency structure for accomplishing all aspects of this Act has been established, and the Federal agencies have agreed on a common goal: To maximize the effectiveness with which Federal financial assistance programs support the accomplishment of their purposes, consistent with good stewardship of public funds and accountability.

Several agencies have already undertaken efforts to identify common grant process flows and to streamline business practices. These agencies are continuing to work to identify and establish performance measures to effectively manage and track grantee use of funds. They have also been developing electronic systems for the entire grants life cycle which will support these efforts.

While there have been many studies, reports, and attempts at Federal financial assistance simplification in the past, a comprehensive, Government-wide review of this magnitude has not been undertaken since a standardization effort entitled, ''Federal Assistance Review'' was undertaken in 1969. That review, which took three years to complete, significantly reduced burdens on recipients and improved the uniformity among Federal agencies' assistance awards to governmental organizations. For example, it led to the issuance of OMB Circulars A–87 and A–102, which contain cost principles and uniform administrative requirements for awards to governmental organizations. It also resulted in a standard application: The Standard Form 424.

Similarly, the new interagency effort described in the next section of this plan is a multi-year effort. As it progresses, the Federal agencies will identify more specific goals, objectives and solutions, as the Act requires. Therefore, this plan is necessarily an interim/draft plan. It will evolve as the Federal agencies, in conjunction with their non-Federal partners, continue to identify problems to be addressed, devise ways to solve them, and specify the expected outcomes.

V. Process

A. Interagency Approach

Central to the development of the plan and its implementation is the active participation in an interagency process, with direction, coordination and assistance from OMB, in consultation with representatives of non-Federal entities. The Director of OMB charged the Grants Management Committee (''the Committee'') of the Chief Financial Officers (CFO) Council to perform most of the work required in coordinating the interagency, consultative effort to meet the objectives of the Act. The Committee is chaired by the Deputy Chief Financial Officer of the Department of Health and Human Services (HHS), which is assisting OMB as the lead agency for implementation of the Act. All Federal grant-making agencies are participating through the Committee, and therefore, are developing this coordinated and consistent implementation plan with respect to the requirements of the Act. The Committee established four streamlining and simplification work groups to conduct the effort, chaired by representatives of various agencies. It also created a General Policy and Oversight Team to examine crosscutting issues and to oversee the progress of the work groups. Serving as co-chair of this oversight team along with HHS, OMB directs, coordinates and assists the process, and addresses individual agency and other related problems. The four streamlining and simplification work groups are the Pre-Award, Post-Award, Audit Oversight, and Electronic Processing work groups.

B. Public Consultations

One cornerstone of the interagency effort is consultation with representatives of non-Federal entities that apply for and receive Federal financial assistance. The consultation process began soon after enactment of Public Law 106–107, when several individual agencies posted information about the Act on their home pages. The agencies asked for comments and suggestions about the Federal processes for providing financial assistance. As they received input, they shared it with officials in other Federal agencies.

The Grants Management Committee reinforced and expanded those early efforts in two ways. First, it created a central Web site for information about the interagency process in general and the four work groups more specifically. The Web site allows the public to electronically submit comments and suggestions directly to the work group members who need it, which gets the input to them more rapidly and efficiently. Secondly, through its General Policy and Oversight Team and with assistance of the work group chairs, the committee conducted five public consultation meetings with the major recipient constituencies-States, local governments, tribal governments, universities and nonprofit organizations that conduct research, and other nonprofit organizations.

The consultation meetings provided the work groups with a variety of insights on issues that need to be addressed in the Act's implementation. These included specific examples, by agency and by program, of areas requiring attention and, in some cases, concrete suggestions for improvement. The public comments at the consultation meetings raised several significant issues of a crosscutting nature, such as those related to Native American tribal entities and to rural access and infrastructure (described in Section VI. A. of this plan). They also raised issues related to the different phases of the financial assistance process—pre-award, post-award, and audit—as well as with the technology that will support the process.

Non-Federal organizations, in general, are concerned with the announcement of funding opportunities, including the availability of information, its clarity (*e.g.,* clear statements of eligibility), and the time allowed for application preparation and submission. They also indicated a need for greater commonality in award requirements across agencies, including more consistent reporting requirements in terms of both content and timing. While there is widespread support in the non-Federal constituencies for making the process less paper intensive and using the electronic option, the participants in some of these sessions reminded the Federal agencies of the real limitations (*e.g.,* personnel, equipment, and access) they face and the need to ensure that training and technical assistance are available.

Further information about these consultation meetings, including summaries of public comments, is available on the Committee's home page (*http://www.financenet.gov/fed/cfo/grants/grants.htm*). The work groups and individual Federal agencies will continue to consult with recipients throughout the interagency streamlining and simplification effort.

C. Prior and Ongoing Efforts

A second cornerstone of the interagency process is to build on what has already been done or is already underway. There were numerous streamlining and simplification initiatives underway before the enactment of Public Law 106–107, although not of the magnitude called for by the Act. Some affected a particular set of activities, such as research, or a particular agency's programs. An example is the Federal Demonstration

Partnership (FDP), an organization comprising 11 Federal awarding offices and 65 universities and nonprofit organizations, which already has made and is continuing to make more uniform these 11 Federal offices' applications, terms and conditions, and reporting requirements.

The Committee's work groups will build upon the results of groups like the FDP and prior or ongoing streamlining efforts of individual agencies and non-Federal entities. The work groups will use successful initiatives as models that may be expanded if they have broader applicability to more Federal agencies, to more Federal programs for other purposes, and to more of the many recipients of Federal grants and cooperative agreements.

In addition, the Committee has integrated several on-going Government-wide initiatives into its four new work groups, to increase the initiatives' priority and accelerate them. These include:

- The Interagency Committee on Debarment and Suspension which, with OMB's support, has been working to simplify and update the Government-wide common rule on debarment and suspension. The work of this committee has been integrated into the Pre-Award Work Group.
- The Committee's prior subcommittees that began the streamlining initiatives related to grantees' payments. One effort led to a policy decision, now being implemented, to consolidate numerous civilian agency payment systems into two systems (The Department of Defense will use the Defense Procurement Payment System). The efforts of the Committee's prior work have been incorporated into the Post-Award Work Group.
- The Interagency Electronic Grants Committee (IAEGC) that has established a standard transaction set for electronic submission of applications for grants and cooperative agreements, and is working toward a Government-wide system for applicant and recipient electronic business interactions with Federal awarding agencies. The IAEGC co-chairs are leading the Electronic Processing Work Group and electronic interagency grant coordination activities.
- The Single Audit Compliance Supplement Core group has been responsible for producing the annual update to the Compliance Supplement required by OMB Circular A–133. The group provides the information needed by auditors to guide them to the major compliance areas they should review in their single audit of Federal programs. The group ensures that compliance requirements are valid and up-to-date.

VI. Specific Projects

At the outset of the interagency, consultative process, the Committee identified specific projects for the General Policy and Oversight Team and the four work groups. As the effort progresses, the list of specific projects may be modified. The following paragraphs describe the projects being undertaken by each work group.

For most tasks, a goal is to have more uniform approaches across the many Federal agencies, at least when their programs have similar purposes. This involves three phases. The first phase is to establish what Federal agencies are doing today, as a baseline from which any improvements would be made. Data is being compiled from a number of sources, to help establish the scope of the undertakings and identify representative samples of Federal programs for detailed analysis. Input from applicants and recipients is being reviewed regarding the problems that they see with the way things are today.

The second phase of the effort is a critical assessment to determine which requirements and problems are candidates for elimination, streamlining or improvement. The groups must question the rationale for current requirements, particularly requirements that are not uniform across Federal agency programs with similar purposes and recipients.

The third and final phase is to assist OMB develop recommendations for the Committee and Congress.

A. General Policy and Oversight Team

The General Policy and Oversight Team is overseeing the progress of the work groups, and examining crosscutting issues and entitlement grant regulatory coverage. It is providing direction and assistance, and is coordinating interagency work groups' activities in their endeavors to improve the delivery of services to the public. A proposed budget has been developed based on an examination of resources available through the CFO Council to implement the Act.

One objective is to ensure that recipients provide timely, complete, and high quality information in response to Federal reporting requirements. Other objectives include streamlining and simplifying administrative requirements and procedures for Federal financial assistance programs; and improving the effectiveness and performance of programs by facilitating greater coordination among Federal agencies responsible for delivering services to the public, *e.g.,* to bring more coordination to the administrative process, particularly for similar programs.

In addition, this team will review and prioritize three areas of concern that arose during public consultation meetings with recipient communities. The team will consider these issues as tasks for possible expansion and/or assignment to one or more of the four work groups:

(1) Native American Tribal Entities

The objective of this task will be to study and address several issues unique to Native American tribal entities, such as developments under the Indian Self-Determination Act.

(2) Rural Access and Infrastructure

The objective of this task will be to examine problems related to access or infrastructure, as these problems affect the ability to participate in Federal financial assistance programs. For example, public comments highlighted that some rural and other participants encounter barriers due to communications infrastructure, including computers and high-speed transmission lines needed for optimal Internet access and electronic commerce with Federal agencies.

(3) Grantee Ombudsman

Due to the many issues raised by non-Federal grantees, the objective of this task would be to assess the extent to which requirements may be duplicative or unduly burdensome.

B. Pre-Award Work Group

The Pre-Award Work Group currently has three tasks: applications, terms and conditions, and debarment and suspension. The current plans for these projects are described in the following paragraphs.

To carry out the first two tasks, the work group created two subgroups based on recipient type. One subgroup will look at requirements for States, local and tribal governments, and nonprofit organizations participating in Federal programs for purposes other than research. The other subgroup will look at universities and nonprofit organizations that administer research awards. The work group's analysis of Federal funding data suggested that the two subcategories of nonprofit organizations are different sets of organizations. As the subgroups make progress on these two tasks, they may organize their work so as to recognize other types of recipients (*e.g.,* for-profit firms) and specific functions (*e.g.,* construction).

(1) Applications

The objective of this task is to streamline and simplify application or proposal requirements and procedures for Federal financial assistance programs administered by the agencies.

The focus is on the types of information that Federal agencies require applicants or proposers to submit as a prerequisite to obtaining Federal funds, whether in paper form or electronically. The intent is to achieve greater consistency in the requirements of the many Federal agencies, particularly where programs have similar purposes. The goal of this group is to propose a standard set of data elements for application forms or electronic transaction sets, which will address more common formats.

(2) Terms and Conditions

The objective of this task is to streamline and simplify Federal agencies' grant terms and conditions, through which agencies communicate post-award requirements to recipients. This task includes eliminating unnecessary requirements and unjustified differences among the various awarding agencies (*e.g.,* in the language used and the placement of various provisions within the award document). This task also includes developing a model or standard set of terms and conditions, as well as standard assurances of compliance with applicable national requirements.

(3) Debarment and Suspension

This task involves completion of ongoing work of the existing Interagency Committee on Debarment and Suspension to simplify and update the Government-wide common rule on nonprocurement debarment and suspension, which also contains the Government-wide regulation implementing the Drug-Free Workplace Act of 1988. The Committee is drafting the rule in plain language format to make it easier to understand and use. The updated rule will be published as a Notice of Proposed Rulemaking in the **Federal Register**, with an opportunity for the public to comment.

C. Post-Award Work Group

The Post-Award Work Group has five tasks: reporting, agencies' payment systems, cost principles, grant financial system requirements, and pooled payments. These tasks will be addressed primarily in subgroups, and are described in the following paragraphs.

(1) Reporting

The objective of the first task is to review, streamline and simplify reporting requirements and procedures for Federal grant and cooperative agreement programs administered by the agencies.

This includes the development of more standard reports, particularly among programs that serve similar purposes and are administered by different Federal agencies. The current work group focus is on the types of information that Federal agencies require a recipient to submit for like programs, whether in paper form or electronic, and establishing necessary data elements for common forms/transaction sets. One goal is to consolidate forms, including specialized OMB-approved forms for major Federal programs, and ensure that instructions are clear.

Another goal is to improve the effectiveness and performance of programs by facilitating greater coordination among Federal agencies responsible for delivering services to the public, particularly for similar programs.

(2) Agencies' Payment Systems

On June 16, 1998, the CFO Council approved a plan to have non-Defense agencies select either the HHS Payment Management System (PMS) or the Automated Standard Applications for Payments (ASAP) operated by the Treasury's Financial Management Service and the Federal Reserve Bank of Richmond for use in making payments to their grantees. The Department of Defense will use the Defense Procurement Payment System. The work group will continue to monitor agency progress in implementing this plan.

(3) Cost Principles

One objective is to establish uniform administrative rules for programs that cross agency lines. The goal in this area is to improve the consistent use of language and terminology in describing the requirements that are similar in the OMB cost principles (Circulars A–21, A–87 and A–122). Currently there are differences in language, interpretation, and description for many items that basically have the same requirements. More consistent use of language and terminology among the circulars will improve the relationship between grantees, the Federal agencies, and external auditors. Adding new restrictions or eliminating current ones, is not an objective.

In addition, the work group will review widely varying agency implementations of Circular A–110 and differing interpretations of Circulars A–102 and A–110, and other crosscutting regulations, are also being reviewed. However, revision of these circulars and the regulations themselves is not a current focus of the work group.

(4) Grant Financial System Requirements

The work group will monitor agency progress in implementing the Grant Financial System Requirements, the first functional requirements document issued for grant financial systems of the Federal Government. It is one of a series of functional system requirements documents published by the Joint Financial Management Improvement Program (JFMIP) on Federal financial management systems requirements.

The Federal Financial Management Improvement Act of 1996 mandated that agencies implement and maintain systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger (SGL) at the transaction level. This act codified JFMIP financial systems requirements as a key benchmark that agency systems must meet, in order to be substantially in compliance with systems requirements provisions.

This document is intended to identify financial system requirements necessary to support grants programs. It is intended to assist system analysts, system accountants, and others who design, develop, implement, operate, and maintain financial management systems.

(5) Pooled Payments

On May 1, 2000, an advance notice of proposed revision to Circular A–110, that would require Federal awarding agencies to offer recipients the option to request cash advances on a ''pooled'' basis, was published in the **Federal Register** (65 FR 25396). Comments were sought on the merits of pooled payment systems and grant-by-grant payment systems. In that all comments have been received and analyzed, it is the intent of this group to clarify differing positions on the issue and specify when pooling is applicable.

D. Audit Oversight Work Group

The Audit Oversight Work Group's task is to streamline and simplify audit-related requirements and services. The plans for this project include examining the services provided by the Federal Audit Clearinghouse (FAC) to determine where improvements can be made to reduce the burden on auditors and auditees in complying with OMB Circular A–133, and improving those FAC services.

The work group will suggest changes to the FAC procedures to improve the FAC's dissemination of audit information to the public and Federal agencies, its assistance to Federal cognizant and oversight agencies in obtaining OMB Circular A–133 data and reporting packages, and the FAC's services provided to assist OMB's oversight and assessment of Federal award audit requirements. The work group will also study ways to improve the FAC's home page, the outputs of the FAC, and methods to identify and follow-up on delinquent audits.

Additional goals include improving single audit coverage of critical areas identified by program officials; analyzing the adequacy of methods to assess and measure single audit quality (*e.g.,* quality control reviews) to support Federal agency reliance on single audits; providing general information on the process, responsibilities, and role of the FAC; updating the Data Collection Form (Form SF–SAC); providing annual updates to the Compliance Supplement; and producing an overview of the single audit process to better inform recipients and funding officials of the purposes and benefits of the single audit process and the FAC.

E. Electronic Processing Work Group

The Electronic Processing Work Group is chaired by the two co-chairs of the Interagency Electronic Grants Committee. Its task is to enable effective use of electronic commerce throughout the Federal financial assistance community, including a common application, administrative and reporting system, and information collection and sharing. This work group will assist and provide electronic solutions to the other work groups in their endeavors. Plans are described in the following paragraphs.

(1) Common Application, Administrative and Reporting System

One goal is to allow applicants the option to electronically apply for, and report on the use of funds. This includes the development and use of a common application, administrative and reporting system for funding from multiple programs administered by different Federal agencies.

These electronic options will be accomplished through the establishment of a comprehensive, one-stop Federal Gateway for electronic grants processing: the Federal Commons. Given adequate funding, the Federal Commons will be developed and supported as the common face for E-Commerce over the entire grants life cycle, offering both general information exchange and secure electronic transaction processing. The Federal Commons would allow each grantee to choose how it conducts business with the Federal government, *i.e.,* translate whatever technology the grantee uses to a single standard; provide electronic search capability; and possibly be housed at HHS.

Several pilots are underway. If successful, they will be developed as modules of the Federal Commons. The first of these is based on the FedBizOpps.Gov site (maintained by the General Services Administration) for posting procurement opportunities. A contractor will develop a parallel, but separate, system based on the **Federal Register** that will be Web searchable. In addition to their work on Transaction Set 194 and current activity broadening, as necessary, for the non-research community, they are beginning to develop data standards for reporting.

Short term plans for the electronic option include supporting work groups, continuing to pilot test, using successful pilots to develop modules, rolling-out modules when ready, and deploying the Federal Commons across agencies. Longer term plans include developing data standards for reporting, enhancing Federal Commons modules using products/end results of work groups, expanding use of the Federal Commons across agencies, and eliminating unnecessary categorical barriers which impede true streamlining efforts.

(2) Grantee Information Collection and Sharing

The second goal is to improve interagency and intergovernmental coordination of information collection, and sharing of uniform data pertaining to financial assistance programs. It applies to grant recipients, not recipients of services, and it must be consistent with privacy and confidentiality constraints.

This coordination and sharing would be accomplished through the Federal Commons, with the development of a single information release form that allows ''boiler-plate'' information (including certifications and assurances) to be shared across Federal programs, so that participating grantees need not repeat the same information for each grant and Federal agency. Electronic processes would be available for interactive dialogue and updating. The form could be filed once, easily pulled up, referenced, and updated.

VII. Accomplishments

The following is a list of accomplishments that have been or are expected to be completed by May, 2001, or for which there will be a short-term plan for resolution.

- State, local government, tribal government, research, and other nonprofit entity consultation meetings conducted;
- The Joint Financial Management Improvement Program (JFMIP) standards for grants/financial systems issued. These are standards for financial transactions that are part of any grants management information system;
- Federal Commons concept: a single common portal for secure E-Grants Business. Five initial pilots have been successfully completed and are in the process of integration testing with three Federal agencies—the User Registration, Account Administration, Organizational Profile, Professional Profile, and Application Status Checking modules;
- Data standards developed for grant application, organizational and professional profiles, and grant award (promulgated by the National Institute for Standards and Technology);
- Data dictionary developed for all grants transactions as a result of in-depth reviews by interagency teams of the data elements used for grants administration;
- Focus/forum for E-grants;
- Federal commons electronic user administration completed (includes organization profile and professional profile capability);
- Debarment and suspension regulatory action;
- Entitlement grant regulatory coverage;
- Civilian agency conversion to HHS/Treasury payment systems;
- Pooled payment issues clarified in **Federal Register**;
- Audit clearinghouse form (SF–SAC revised); and
- Audit compliance supplement update issued

VIII. Time Frames/Conclusion

This effort will continue toward the establishment of further specific annual goals and objectives, and an interim plan will be submitted to Congress by May 20, 2001. However, this is a work in progress and completion is expected to take up to five years. Implementation of most aspects is expected by 2002, and the electronic option is expected to be functional by 2003.

We recognize the tremendous importance of Federal financial assistance programs and the services they provide, and are strongly committed to the accomplishment of the objectives of the Act. We are committed to making improvements in the areas described, and continuing to develop additional specific annual goals and objectives.

Implementation can only be accomplished with full-time resources, so the CFO Council is working with OMB, the Chief Information Officers Council, and the Procurement Executives Council to secure the necessary funding for this multi-year effort.

IX. Potential Recommendations to Congress

Section 6 of the Act requires OMB to submit a report to Congress containing recommendations for changes in law to improve the effectiveness, performance, and coordination of Federal financial assistance programs. Therefore, a very important part of the interagency process described in Sections V and VI of this plan will be an assessment of the statutory impediments to accomplishing the streamlining and simplification that Public Law 106–107 intends. OMB will coordinate this assessment.

X. Individual Agency Commitments to the Interagency Process

The following agencies have jointly submitted the above-described plan for implementation of Public Law 106–107; are actively participating in the interagency process described in Sections V and VI of this plan; support the designation and use of the Federal Commons as the single portal for electronic business interactions with non-Federal entities related to grants award and administration; and will identify and address in their respective resource allocation processes the necessary agency resources, including both human and financial resources, to interconnect internal agency organizations and systems with the Federal Commons and otherwise implement this plan:

Department of Agriculture, Department of Energy, Small Business Administration, National Aeronautics and Space Administration, Social Security Administration, Department of Commerce, Department of State, Agency for International Development, Department of Housing and Urban Development, Department of Justice, Department of Labor, Department of the Treasury, Department of Defense, Department of Education, Department of Veterans Affairs, Environmental Protection Agency, Department of the Interior, Federal Emergency Management Agency, Department of Health and Human Services, National Science Foundation, National Endowment for the Arts—National Foundation on the Arts and the Humanities, National Endowment for the Humanities—National Foundation on the Arts and the Humanities, Institute of Museum and Library Services—National Foundation on the Arts and the Humanities, Corporation for National and Community Service, Department of Transportation.

XI. Lead Agency Officials

The following is a list of the participating agencies' designated lead agency official for carrying out the responsibilities of the agency under Section 5(a)(4) of the Act and, in some cases, additional contact information.

Department of Agriculture

Patricia Healy, Deputy Chief Financial Officer, 202–720–7407, phealy@cfo.usda.gov.

Department of Energy

Trudy Wood, Office of Procurement and Assistance Policy, Office of Procurement and Assistance Management, 202–586–5625, 202–586–0545 (Fax), trudy.wood@pr.doe.gov.

Small Business Administration

Sharon Gurley, Director, Office of Procurement and Grants Management, 202–205–6622, 202–205–6821 (Fax), sharon.gurley@sba.gov.

National Aeronautics and Space Administration

David Havrilla, Senior Systems Accountant, 202–358–2482, 202–359–2952 (Fax), dhavrill@nasa.gov.

Social Security Administration

Tom Staples, Deputy Chief Financial Officer, 410–965–3504, tom.staples@ssa.gov.

Department of Commerce

Elizabeth Dorfman, Acting Director, Office of the Executive Assistance Management, 202–482–3313, 202–482–3270 (Fax), Edorfman@doc.gov.

Department of State

Chris Flaggs, Director, Office of Financial Policy, Reporting and Analysis, 202–261–8625, 202–261–8622 (Fax), FlaggsCh@state.gov; and Lloyd W. Pratsch, Procurement Executive, Office of the Procurement Executive, 703–516–1680, 703–875–6155 (Fax), PratschLW@state.gov.

Agency for International Development

Kathleen O'Hara, Deputy Director, Office of Procurement, 202–712–4759, 202–216–3395 (Fax), KOHara@usaid.gov.

Department of Housing and Urban Development

Pamela Woodside, Director, Office of Systems Integration & Efficiency, Office of the Chief Information Officer, 202–708–0614 ext. 109, 202–708–3135 (Fax), pam__woodside@hud.gov; Barbara Dorf, Office of the Secretary, 202–708–0614 ext. 4637, barbara__dorf@hud.gov; Mailing Address: Regulations Division, Office of the General Counsel, Attn: Barbara Dorf, Room 10276, 451 7th Street, SW., Washington, DC 20410.

Department of Justice

Cynthia Schwimer, Comptroller, Office of Justice Programs, 202–307–3186, 202–514–9028 (Fax), cindy@ojp.usdoj.gov.

Department of Labor

Mark Wolkow, Systems Analyst, 202–693–6829, 202–693–6964 (Fax), wolkow-mark@dol.gov; and Phyllis McMeekin, Director, Departmental Procurement Policy, 202–219–9174, 202–219–9440 (Fax), mcmeekin-phyllis@dol.gov.

Department of the Treasury

Birdie McKay, Director, Program Compliance Division, Financial Management Service, 202–874–6925, 202–874–6965 (Fax), birdie.mckay@fms.treas.gov.

Sheryl Morrow, Director, Program Assistance Division, Financial Management Service, 202–874–6847, 202–874–6965 (Fax), sheryl.morrow@fms.treas.gov.

Department of Defense

Designated lead official: Director of Defense Research and Engineering.

Please send DOD-specific comments concerning this notice to: Mark Herbst, 703–696–0372, 703–696–0569 (Fax), herbstm@acq.osd.mil; and Ron Massengill, Financial Management Analyst, 703–602–0125, 703–602–0777 (Fax), massengr@osd.pentagon.mil.

Department of Education

Mark Carney, Deputy Chief Financial Officer, Office of the Chief Financial Officer, 202–401–3892, 202–401–2455 (Fax), mark__carney@ed.gov.

Department of Veterans Affairs

W. Todd Grams, Deputy CFO and Acting CFO, 202–273–5583, todd.grams@mail.va.gov.

Environmental Protection Agency

Bruce Feldman, Branch Chief, Grants Administration Division, 202–564–5308, 202–565–2469 (Fax), feldman.bruce@epa.gov.

William Kinser, Office of Grants and Debarment, Phone: 202–564–5378, Fax: 202–565–2470, kinser.william@epa.gov.

Department of the Interior

Ceceil Belong, Grants Policy Specialist, 202–208–3474, 202–208–

6301 (Fax), ceceil__belong@ios.doi.gov; and Monica Taylor, 202–219–0213, 202–208–6940 (Fax), monica__taylor@ios.doi.gov.

Federal Emergency Management Agency

Richard Goodman, Director, Grants and Acquisition Division, 202–646–4181, 202–646–3846 (Fax), Richard.Goodman@fema.gov.

Department of Health and Human Services

George Strader, Deputy Chief Financial Officer; and Rodd Clay, Office of Grants Management, 202–690–8723, 202–690–6415 (TDD, for the hearing impaired), 202–690–8772 (Fax), rclay@os.dhhs.gov.

National Science Foundation

Jean Feldman, Head, Policy Office, Office of Budget, Finance and Award Management, 703–292–8243, 703–292–9141 (Fax), jfeldman@nsf.gov; and Rick Noll, Head, Institutional Ledger Section, Division of Financial Management, 703–292–4458, 703–292–9005 (Fax), rnoll@nsf.gov.

National Endowment for the Arts

Nicki Jacobs, Director, Grants and Contracts Office, 202–682–5546, 202–682–5610 (Fax), jacobsn@arts.endow.gov.

National Endowment for the Humanities

David Wallace, Director, Grants Office, 202–606–8494, 202–606–8633 (Fax), dwallace@neh.gov.

Institute of Museum and Library Services

Rebecca Danvers, Director of Research and Technology, 202–606–2478, rdanvers@imls.gov.

Corporation for National and Community Service

Jim Phipps, Office of Grants Management, 202–606–5000 ext. 271, 202–565–2850 (Fax), mjphipps@cns.gov.

Quinton Lynch, Grants/Financial Analyst, Office of Grants Management, 202–606–5000 ext. 160, 202–565–2850 (Fax), qlynch@cns.gov.

Department of Transportation

Robert G. Taylor, Office of the Senior Procurement Executive, 202–366–4289, 202–366–7510 (Fax), PL106107@ost.dot.gov; and Richard Meehleib, Office of Budget and Finance, Federal Highway Administration, 202–366–2869, 202–366–7510 (Fax), PL106107@ost.dot.gov.

Mailing address for comments: Office of the Senior Procurement Executive, Attn: Pub. L. 106–107–DOT, Room 7101, M–60, U. S. Department of Transportation, 400 7th St SW., Washington, DC 20590.

XII. Agency Adoptions

As stated in the common agency commitments in Section X, above, the following agencies are participating in this notice:

Department of Agriculture

For the Department of Agriculture.
Dated: December 1, 2000.

Patricia Healy,

Deputy Chief Financial Officer.

Department of Energy

For the Department of Energy.
Dated: November 16, 2000.

James J. Cavanagh,

Acting Director, Office of Procurement and Assistant Management.

Small Business Administration

For the Small Business Administration.
Dated: November 21, 2000.

Thomas Dumaresq,

Assistant Administrator for Administration.

National Aeronautics and Space Administration

For the National Aeronautics and Space Administration.
Dated: November 17, 2000.

David Havrilla,

Senior Systems Accountant.

Social Security Administration

For the Social Security Administration.
Dated: November 28, 2000.

Tom Staples,

Deputy Chief Financial Officer.

Department of Commerce

For the Department of Commerce.
Dated: November 20, 2000.

Raul Perea-Henze,

Deputy Assistant Secretary for Administration.

Department of State

For the Department of State.
Dated: November 22, 2000.

Chris Flaggs,

Office of Financial Policy, Reporting and Analysis.

Agency for International Development

For the Agency for International Development.
Dated: November 15, 2000.

Richard Nygard,

Deputy Assistant Administrator for Management.

Department of Housing and Urban Development

Initiatives Specific to the Department of Housing and Urban Development

The Department of Housing and Urban Development (HUD) has taken a number of steps to streamline management of its grant programs. Highlights of this are discussed below.

A. Creation of A Departmental Grants Management System (DGMS)

HUD is in the process of creating a department-wide Internet based system for managing its grants. The system covers the entire life cycle of a grant, including application submission, review and evaluation of a submission, award and monitoring, and finally close-out and audit. HUD currently has a number of different systems that are used for managing grants, none of which provide coverage through the entire grant life cycle, or provide a means of capturing data from the various systems to create one picture of grants across the department. The purpose of DGMS is to have information on HUD grants in one place, at one time. This will allow HUD to better monitor grantees for compliance with existing regulations and assist in assessing performance of grantees against agreed-upon performance measures. DGMS will also enable HUD to accurately report performance against the goals in the Annual Business Operating Plan and the strategic plan. DGMS will have current and active information for timely submission of HUD's Annual Progress Report to Congress. For grantees, DGMS can be a useful planning tool for the allocation and management of local financial resources and staff. DGMS will also allow grantees to have accurate knowledge of status of all their grants with HUD. The creation of DGMS has been a collaborative effort involving all arms of HUD that are directly or indirectly involved in providing information and assistance to grantees and potential applicants, or managing grants. Below are some results achieved through the DGMS development process:

- One process for accepting grant applications for all formula grants and one process for accepting competitive grant applications.
- A single unified way to commit, de-commit, obligate, and de-obligate funds to a selected applicant, issue grant

awards, and issue grant amendments for all grant awards.

• Uniform elements for conducting risk assessments of grantees.

• Uniform monitoring module for assessing grantee performance over the life of the grant.

• Uniform method for grantees to identify the projects, activities they were undertaking as part of their grant programs. DGMS will include opportunity for grantees to include tasks but in consultation with grantees, it was determined to make tasks optional.

• Tracking of grant information as it was proposed in the application and as it was approved by HUD. DGMS will also track actual fund usage and accomplishments by activity.

• Tracking of draw downs and performance in completing projects and activities on time and within budget, plus or minus 10% of the approved program budget line items and have the ability to roll the activity items up into budget line items of salaries, fringe, travel, equipment, supplies, etc. for the entire grant. Grantees asked that DGMS use the accrual system to make it easier for accounting staff and auditors to track funds.

• Applicants/Grantees will enter information directly into DGMS to avoid errors or misunderstandings among grantees and HUD staff.

• Each program will have an administrator to set-up DGMS, including creation of parameters and checklists for applicants/grantees to use. This idea came from requests by grantees and public interest groups, as well as program staff.

• Interested parties wanting to get general grant program information or applications for assistance will be able to do so at HUD's home page (www.hud.gov).

• Program administrators will give access rights to staff and grantees, who will in turn give access rights to their staff and grantees.

• Tracking of funds down to an infinite levels of sub-recipients.

• A single process for close-out and audit of all HUD grants.

B. HUD's 2020 Management Reform Efforts

Over the past several years, HUD has been reforming its management and operational practices. As part of this effort, HUD examined the various processes used to manage its portfolio of grants, subsidies and contracts. Agency staff worked to streamline grant application processes, identified areas for streamlining and elimination of paperwork, and sought ways programs could better work together. Chief among examples of where HUD has successfully streamlined its processes is HUD's Consolidated Plan which combines four separate entitlement programs (CDBG, HOME, ESG, and HOPWA) into a single planning and application process that State and local governments can use to manage their HUD program dollars; the Continuum of Care Homeless Assistance Programs which consolidated the application and submission process for a variety of programs (Supportive Housing, Shelter Plus Care, Section 8 moderate Rehabilitation Single Room Occupancy); and the HOPE VI Revitalization program which includes demolition, revitalization, and Section 8 program funds into a single application. The Consolidated Plan won Harvard University's Innovations In Government Award in 1998; the Continuum of Care won this prestigious award in 1999; and HOPE VI in the year 2000.

The same effort that has gone into reforming HUD's programs is being used to reform HUD's management of its grant programs. Using a collaborative re-engineering process, HUD is currently working in Legal Joint Application Design sessions with the Office of General Counsel on streamlining application forms, developing common grant award documents, and standardized terms and conditions for formula and competitive grant awards.

C. Notice of Funding Availability (NOFA)

HUD now publishes all its competitive grant NOFAs at one time in a ''SuperNOFA.'' Grant funding opportunities were previously announced at various times during the year, and often had varying policies and requirements for applications. With the SuperNOFA, HUD has established standardized policies and language for the following:

• Deadlines and acceptance of applications for competitive grants.

• Submission procedures for all applications.

• Basic criteria for rating and ranking applications—Capacity of the Applicant and Organizational Staff to Perform the Work; Need/Extent of the Problem; Soundness of Approach; Leveraging Resources; and Comprehensiveness and Coordination.

• Encouragement of applicants to participate in HUD policy initiatives.

• Eligibility based on program statutory and regulatory requirements.

• Threshold requirement for compliance with Fair Housing and Civil Rights Laws.

• Threshold requirements for compliance with the Americans With Disabilities Act of 1990, and if applicable, compliance with Section 3 of the Housing and Urban Development Act of 1968 for providing economic opportunities for Low and Very-Low Income Persons; and Affirmatively Furthering Fair Housing.

• Application of requirements under the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as amended, and the governmentwide rule in 49 CFR part 24.

• Use of Standard Forms in the application submission.

• Applicability of environmental requirements under 24 CFR part 50 and part 58.

• Applicability of OMB Circulars and provided information on how to obtain copies.

• Bonus Points in Rating Applications.

• Grant negotiations.

• Correction of Deficient Applications.

• Adjustments to Funding.

• Prohibitions on Lobbying.

• Requirements for documentation and public access under Section 102 of the HUD Reform Act of 1989 and the regulations codified in 24 CFR part 4, Subpart A in a uniform manner.

• Application forms that apply to all applications, in addition to program specific forms.

For the Department of Housing and Urban Development.

Gloria R. Parker,

Chief Information Officer.

Department of Justice

For the Department of Justice.

Dated: November 17, 2000.

Stephen R. Colgate,

Assistant Attorney General for Administration.

Department of Labor

For the Department of Labor.

Dated: November 20, 2000.

Ken Bresnahan,

Chief Financial Officer.

Department of the Treasury

For the Department of the Treasury.

Dated: November 16, 2000.

Paul Gist,

Director of Asset Management Directorate.

Department of Defense

For the Department of Defense.

Dated: November 30, 2000.

Patricia L. Toppings,

Alternate Office of the Secretary of Defense Federal Register Liaison Officer.

Department of Education.

For the Department of Education.

Dated: November 20, 2000.

Thomas P. Skelly,

Acting Chief Financial Officer.

Department of Veterans Affairs

For the Department of Veterans Affairs.

W. Todd Grams,

Deputy Chief Financial Officer and Acting Chief Financial Officer.

Environmental Protection Agency

For the Environmental Protection Agency.

Dated: November 17, 2000.

Marty Monell,

Director, Grants Administration Division.

Department of the Interior

For the Department of the Interior.

Dated: November 14, 2000.

Debra E. Sonderman,

Director, Office of Acquisition and Property Management.

Federal Emergency Management Agency.

For the Federal Emergency Management Agency.

Dated: November 13, 2000.

Richard Goodman,

Director, Grants and Acquisition Division.

Department of Health and Human Services

For the Department of Health and Human Services.

Dated: November 22, 2000.

Terrence J. Tychan,

Deputy Assistant Secretary for Grants and Acquisition Management.

National Science Foundation

For the National Science Foundation.

Dated: November 17, 2000.

Lawrence Rudolph,

General Counsel.

National Foundation on the Arts and the Humanities

For the National Endowment for the Arts.

Dated: November 17, 2000.

Laurence Baden,

Deputy Chairman for Management and Budget.

For the National Endowment for the Humanities.

Dated: November 20, 2000.

John Roberts,

Deputy Chairman.

Institute of Museum and Library Services

For the Institute of Museum and Library Services.

Dated: December 6, 2000.

Rebecca Danvers,

Director of Research and Technology.

Corporation for National and Community Service

For the Corporation for National and Community Service.

Dated: November 16, 2000.

Anthony Musick,

Chief Financial Officer.

Department of Transportation

For the Department of Transportation.

David K. Kleinberg,

Deputy Chief Financial Officer.

[FR Doc. 01–1177 Filed 1–16–01; 8:45 am]

BILLING CODE 3410–KS–P, 6450–01–P, 7510–01–P, 3510–FA–P, 4710–01–P, 6116–01–P, 4410–18–P, 4510–23–P, 5001–10–P, 4000–01–P, 6560–50–P, 4310–RF–P, 4150–24–P, 4910–62–P, 4210–01–P, 4810–62–P, 7537–01–P, 7536–01–P, 7036–01–P, 7555–01–P, 8025–01–P, 7536–01–P, 7036–01–P, 6050–28–P, 4910–62–P.