

DEPARTMENT OF DEFENSE SUPPLEMENT TO THE GOVERNMENT-WIDE REPORT ON IMPLEMENTATION OF PUBLIC LAW 106-107

I. BACKGROUND

This is the Department of Defense (DoD) supplement to the 2003 government-wide progress report (Enclosure 1) on the implementation of the Federal Financial Assistance Management Improvement Act of 1999 (P. L. 106-107 or the "Act"). This supplement summarizes DoD's participation, both in leadership and support roles, in government-wide efforts to streamline and simplify the award and administration of Federal financial assistance. It also describes the significant progress we have made toward meeting the Act's objectives through our internal efforts to prepare DoD Components for the changes resulting from the streamlining and Grants.gov¹ initiatives.

In Fiscal Year (FY) 2002, DoD awarding activities obligated \$2.6 billion for grants and agreements under 9,245 actions. More than 85 percent of the actions each year are for research activities, with most of the remaining actions being for cooperative agreements between the National Guard Bureau and State military departments.

II. PARTICIPATION IN THE GOVERNMENT-WIDE STREAMLINING AND GRANTS.GOV EFFORTS

DoD participates extensively in the interagency activities related to P.L. 106-107. We lead three of the P. L. 106-107 interagency groups whose accomplishments are detailed in the government-wide report (Enclosure 1)—specifically, personnel from the DoD and the Office of Naval Research (ONR) currently chair the Pre-Award Work Group, the Personal Property Reporting Team under the Post-Award Work Group, and the Office of Management and Budget (OMB) Circular A-133 Audits and Indirect Cost Rates Subgroup under the Audit Oversight Work Group. In addition to our leadership roles, representatives of DoD Components participate in all of the work groups, including both the discretionary and mandatory program subgroups of the Pre-Award Work Group, the Interagency Committee on Debarment and Suspension, the Cost Principles Subgroup of the Post-Award Work Group, and the Recipient/Subrecipient Monitoring Subgroup of the Audit Oversight Work Group. Our Office of the Inspector General also participates in the OMB Circular A-133 Audits and Indirect Cost Rates Subgroup and the Single Audit Users Subgroup under the Audit Oversight Work Group.

DoD is one of the managing partners for the Grants.gov initiative. In addition to making financial contributions to further the initiative, we are active participants in the Grants.gov Executive Board, which advises the Director of the Grants.gov Program Management Office (PMO). In conjunction with Grants.gov, a DoD staff member co-chairs the Inter-Agency Electronic Grants Committee (IAEGC) and we participate in two of the three IAEGC subcommittees—the Research and Related Subcommittee and the newly formed Electronic Standards Work Group (ESWG). We have assisted the

¹ As noted in the government-wide portion of this report (Enclosure 1), this initiative previously was known as E-Grants.

Grants.gov PMO in evaluating contract proposals, in demonstrating our advances in electronic administration, and in assessing expectations for the Grants.gov portal through focus groups.

Other activities include our interagency work with relation to our payment system and Central Contractor Registration (CCR). The DoD payment system is one of the three payment systems designated by the Chief Financial Officers' Council for civilian and defense agency use. DoD staff members are working with representatives from OMB and the two other payment systems—the Payment Management System (PMS), operated by the Department of Health and Human Services, and the Automated Standard Applications for Payment System (ASAP), operated by the Department of the Treasury, to develop payment screens for electronic payment requests that have a common look regardless of the payment system that will receive and process the request and make the requested payment—a common front-end.

We are working with the Grants.gov PMO to determine how best to make our CCR system a shared resource for government-wide use in implementing P.L. 106-107. CCR, which will be part of the Business Partner Network under the Integrated Acquisition Environment E-Gov Initiative, serves as a repository of business information for vendors doing business with the Federal government. With the Grants.gov PMO and agency staff members, we are trying to accommodate the needs of applicants for or recipients of Federal financial assistance and the Federal agencies that make and administer those awards that may differ from the needs of the acquisition community. That work is ongoing.

III. INTERNAL DoD EFFORTS TO CREATE AN ENVIRONMENT CONDUCTIVE TO GRANTS STREAMLINING AND SIMPLIFICATION

A. General Approach

In parallel with our participation in the government-wide groups, we use internal work groups within DoD to vet the government-wide proposals and share ideas and best practices. One work group for grants and agreements policy and another for electronic business processes related to Grants.gov keep affected offices informed of planned and pending activities; vet government-wide and DoD proposals; and discuss implications for DoD awarding and administering activities.

We coordinate with a broad spectrum of DoD offices. The involvement of DoD acquisition offices ensures that internal systems that are designed primarily to support our procurement activity will equally support changes in grants and agreements resulting from P.L. 106-107 and Grants.gov. Having systems that handle both acquisition and assistance helps to reduce unnecessary burdens on recipients of DoD grants and agreements, most of whom also receive DoD procurement contracts. We work with the Office of the DoD Comptroller to ensure that the needs of electronic grants are accommodated within DoD's Business Management Modernization Program (BMMP) (see paragraph D. below). We also have representatives from other DoD-wide work

groups, such as the DoD Procurement Working Group for Electronic Data Interchange (EDI), to ensure consistency with Grants.gov.

B. Electronic Synopsis and Standard Announcement Template

DoD has been involved in the development and testing of the electronic synopsis—Grants.gov FIND—since its inception. We have participated in developing the website design and the data elements and have been active participants in the ongoing pilot. Several of our larger components—ONR, the Air Force Office of Scientific Research (AFOSR), and the U.S. Army Medical Research Acquisition Activity (USAMRAA)—have been posting their synopses to Grants.gov since it became operational early in Calendar Year 2003. We generally use Broad Agency Announcements (BAAs) as the means of advising the public of the availability of DoD assistance funds and to invite proposals. Many of our BAAs can result in the award of contracts as well as grants, cooperative agreements, and other transactions. Therefore, to serve our different constituencies, we will post synopses of those BAAs on both FedBizOpps, the acquisition site, and on Grants.gov. ONR has made staff in its own office and in Navy awarding offices other than ONR aware of this new requirement through an “Information Alert.” Those BAAs also will conform to the new standard announcement template.

C. The Grants.gov Portal and Electronic Applications

To prepare for electronic application through the Grants.gov portal, which will initially accommodate core data elements (see Enclosure 1), as a major participant in the Research and Related Subcommittee of the IAEGC, we have worked with the other research agencies, including the National Institutes of Health, the National Science Foundation, the Department of Energy, and the National Aeronautics and Space Administration, to agree on non-core data elements for use across grant-supported research programs government-wide. This data set has been recommended to the Grants.gov PMO for inclusion in the Grants.gov pilot and, eventually, the storefront.

Our Components that award research grants and agreements have completed an informal analysis of their data needs for grants and agreements and believe that the core data elements and cross-agency non-core research data elements will meet their needs, which will allow us to begin receiving electronic applications once the portal can accept those non-core data elements. Should we identify other non-core data elements for discretionary grants, we will work with the affected Components to determine whether they should be continued.

During the summer of 2003, the Grants.gov PMO is completing its pilot efforts in anticipation of electronic receipt of applications in October 2003. Concurrent with the government-wide pilot, ONR is testing a prototype of a web-based electronic proposal system. This pilot is intended to demonstrate a Graphical User Interface between non-Federal submitting organizations and ONR’s “back office” for receipt of electronic applications. The pilot test uses core data and the cross-agency non-core research data. It

involves interested universities and translates their input into an XML stream for ONR. When Grants.gov is fully operational, this will be ONR's interface with the single portal.

D. DoD's Business Management Modernization Program

DoD has an agency-wide initiative to ensure standardization of financial management processes across DoD. This includes accounting and payment processes that relate to DoD's electronic grants activity, including our participation in the common front-end for grant payment. The BMMP has worked closely with those in DoD responsible for implementing Grants.gov to incorporate the electronic grants process into the BMMP architecture. This includes developing an e-grant business scenario that fully validates the end-to-end electronic grants process.