

**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 2005 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 activities—within DoD and in interagency forums—in support of efforts to streamline and simplify the award and administration of Federal financial assistance.

In Fiscal Year (FY) 2004, DoD awarding activities obligated \$3.0 billion for assistance instruments under more than 8,000 actions. Nearly 80 percent of the actions and 60 percent of the funding were for research grants and agreements, with most of the remaining dollars and 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’s interest in streamlining Federal policies and procedures for the award and administration of assistance transactions is reflected in its sustained leadership and involvement in interagency streamlining efforts. We strongly support eliminating unnecessary burdens on recipients of DoD assistance instruments, primarily defense researchers, as a means to increase research productivity, thereby generating more technology in support of national defense.

As reported in previous years, DoD has participated extensively in the interagency activities related to P.L. 106-107 since their inception in the summer of Calendar Year 2000. We are represented on each of the groups under the P.L.106-107, Grants.gov, and Grants Management Line of Business (GMLoB) governance structure (see Section II. of Enclosure 1 of this report). We also continue our leadership and active involvement in interagency activities targeted to streamline research administration, such as the Federal Demonstration Partnership (FDP) and, more recently, the Research Business Models (RBM) Subcommittee of the Committee on Science, National Science and Technology Council. As an example, we are co-leading the RBM Subcommittee effort to extend the FDP terms and conditions as an interim core set for all research grants pending completion of the P.L. 106-107 work on terms and conditions generally (see Section III.D. of Enclosure 1).

Our representation on these various groups includes Executive level and other senior staff in the Office of the Secretary of Defense (OSD) and the Military Departments. We lead or co-chair two of the P. L.106-107 interagency groups whose accomplishments are detailed in the government-wide report (Enclosure 1)—specifically, personnel from OSD and the Office of Naval Research (ONR), respectively, chair the Pre-Award Work Group

and the Personal Property Reporting Team under the Post-Award Work Group. In addition, the DoD Office of the Inspector General (OIG) actively participates in the following subgroups under the Audit Oversight Work Group: the Single Audit Users Group and the OMB Circular A-133 Compliance Supplement Core Team—and in the national audit-sampling project to evaluate the quality of single audits.

III. INTERNAL DoD EFFORTS TO CREATE AN ENVIRONMENT CONDUCTIVE TO GRANTS STREAMLINING AND SIMPLIFICATION AND ASSESS IMPACT OF CHANGES

We continue to work within DoD to raise the visibility of the streamlining and simplification initiatives and emphasize their importance. DoD management in the OSD appreciates the significance of these streamlining initiatives to our research constituency and supports this effort by committing resources and communicating with upper management in the DoD Components about DoD's participation in the interagency efforts.

In parallel with our participation in the government-wide groups, we use internal work groups within DoD to keep affected offices informed of planned and pending activities, vet government-wide and DoD proposals, discuss implications for DoD awarding and administering activities, and share ideas and best practices. One work group addresses grants and agreements policy and another works with the electronic environment of Grants.gov and the GMLoB. We rely on the expertise of these groups to help evaluate the impact of government-wide proposals on DoD operations and systems as well as to develop plans on how best to incorporate new requirements.

Our grant-awarding and -administering offices also award and administer contracts and other procurement instruments; therefore, we must ensure that our policies are clear and that our internal systems, which are designed primarily for our procurement activity, will support changes in grants and agreements resulting from P.L. 106-107, Grants.gov, and the GMLoB. We have implemented the streamlining changes to date, including the requirements to use the standard announcement format and post synopses of funding opportunities at Grants.gov FIND. We also have enhanced our training for grants and agreements officers to include coverage of the changes resulting from the streamlining.

IV. IMPLEMENTING THE CHANGES AFFECTING THE PRE-AWARD PROCESS

A. Grants.gov FIND

The Director of Defense Research and Engineering (DDR&E) issued a memorandum to the heads of the Military Departments' and Defense Agencies' awarding activities requiring compliance with the requirement to post synopses of competing funding opportunities at Grants.gov FIND using standard data elements. We generally use Broad Agency Announcements (BAAs) as the means of advising the public of the availability of DoD research funds and to invite proposals. Many of our BAAs can result in the award

of contracts as well as grants, cooperative agreements, and other acquisition and/or assistance transactions. Therefore, to serve our different constituencies, the memorandum reminded the awarding activities that they must post synopses of those BAAs on both FedBizOpps, the acquisition site, and on Grants.gov. Our five largest awarding activities, which account for most of our research BAAs, are posting 100 percent of solicitations that may result in the award of grants or agreements at Grants.gov FIND. During the period May 2004 to the present, DoD posted 170 synopses at Grants.gov FIND. Informal feedback we have received from our non-Federal constituents indicates they generally view the Grants.gov FIND web site as easy to use.

B. Announcement Template

The DDR&E issued a similar memorandum concerning use of the announcement format. We have adopted the standard announcement format, which by its terms applies to financial assistance funding opportunities. As noted above, many of our BAAs may result in the award of contracts, grants, or cooperative agreements. Even though they may result in contracts, we have adopted the financial assistance template for these BAAs to provide a single BAA look for our potential applicants. We monitor our Components' implementation of use of the standard announcement format and, if we become aware of an exception, bring it to the direct attention of the affected Component.

C. Grants.gov APPLY

DoD actively participated in developing the standard data elements for the SF 424 (R&R) for research and related grants. During FY 2005, we involved our Office of the General Counsel and office of the Chief Information Officer in resolving the issue of electronic signature on proposals. The interchange between DoD and the Grants.Gov Program Management Office resulted in DoD's acceptance of the Grants.Gov process with a slight modification. That modification was adopted by Grants.gov for government-wide use. DoD is now in a position to begin making provision in our automated systems for receipt of electronic proposals and issuing solicitations that include electronic proposal receipt instructions.

In order to reach the percentage of participation in Grants.gov APPLY specified by OMB for FY 2006 (i.e., having 75 percent of discretionary grant opportunities make the Grants.gov application process available), we are working closely with our Components to ensure that their annual BAAs and other BAAs, as appropriate, provide for submission of electronic applications through Grants.gov APPLY. Because we will not have fully tested our ability to successfully receive applications through Grants.gov APPLY, initially we will work with a limited number of universities to validate the processes and programming.

Currently our largest grant-awarding Component—ONR—is determining how best to program internal systems to receive the XML representations of proposals so they are made available within DoD in a manner that facilitates the review and selection process

for grants and agreements. This includes establishing internal procedures for routing, storage, security access, retrieval, and retention of these documents.

D. Other

As DoD implements its Business Management Modernization Program (BMMP), an agency-wide initiative to reengineer the business processes and identify the information requirements necessary to implement a modern integrated financial and business environment that supports our mission, we are working closely with those responsible for the “acquisition domain” to ensure that the BMMP meets our grants and agreements needs. This includes our needs related to participation in Grants.gov and the GMLoB.