

**PUBLIC OVERSIGHT HEARING ON
FEDERAL GRANTS MANAGEMENT STATUS FOR
FISCAL YEARS 2002 AND 2003**

**Before the
Committee on Public Services
Council of the District of Columbia
The Honorable David A. Catania, Chairperson**

**February 14, 2003
9:00 a.m.
Council Chambers, John A. Wilson Building**



**Testimony of
John Ross
Chief of Operations
Office of Research and Analysis**

**Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good morning, Mr. Chairman and members of the committee. I am John Ross, chief of operations for the Office of Research and Analysis (ORA). I am here today on behalf of Dr. Julia Friedman to provide information regarding the responsibilities and activities of the Office of the Chief Financial Officer (OCFO) in the administration of grants during FY 2002. Bert Molina, deputy chief financial officer for the Office of Budget and Planning (OBP), will testify on this topic for FY 2003 and the future.

Grants, principally federal grants, are a significant revenue source for a variety of District programs. In FY 2002, the District spent \$1.404 billion in grant funds. An additional \$2.8 million in grant funds lapsed. This compares to FY 2001 where \$1.3 billion in grant funds were spent and \$4.3 million lapsed. I am pleased to report that the FY 2002 lapse amount of 0.2 percent of total grant authority represents an improvement over the FY 2001 lapse amount of 0.3 percent of authority.

Let me now address the goals we established for FY 2002 and the efforts that were made to accomplish those goals.

More efficient processing of grant budget modifications

A key goal during FY 2002 was to reduce the time required to process grant modifications. The FY 2002 appropriations act for the District of Columbia designated the Council as the final authority to review and approve modifications in budget authority as a result of new grant awards or grant awards that are greater than the appropriated budget. The OCFO has worked closely with the Council to

expedite the approval of modifications by submitting budget modifications, on a monthly basis, 15 days prior to the Council's monthly legislative agenda meeting. In addition, the OCFO worked with the Council to seek federal approval to spend new grant funds during a federal continuing resolution, an impediment that in the past has unduly delayed the District's ability to authorize the expenditure of grant funds in a timely manner. This was recently accomplished and will improve the District's ability to expedite the expenditure of grant funds.

More accurate and efficient tracking and management of grant spending to minimize loss of grant funds

A significant effort was made during FY 2002 to develop and implement a risk assessment system that would enable District agencies to avoid the potential loss of grant funds due to insufficient information on expenditure data and deadlines. In an effort led by the city administrator and the chief financial officer, guidance was provided to agencies on how to identify and assess grants that could be in jeopardy of losing funds and how such situations could be remedied. In a series of meetings, the OCFO worked closely with grant agencies to develop internal, periodic reports that provide more accurate, timely information on grant funding, expenditures, spending plans and expiration dates, and other important information. As a result of these efforts, we discovered that acceptable grant risk assessments could not be accomplished without system modifications in SOAR, and programming changes in SOAR are now underway. We are already seeing improvements in this area, and the risk assessment work will continue in FY 2003.

Provide leadership to the Grants Council for resolution of grants issues

During FY 2002 the Grants Council was re-instituted and met on a regular basis with larger attendance and more breadth of participants. Co-chaired by the chief

financial officer and the city administrator, the newly revitalized Grants Council, consisting of more than 60 members from 20 agencies, met monthly during 2002 to address management and financial issues related to the administration of District grants. Typical agenda issues included:

- streamlining the District's budget authority and budget modification process;
- determining District-wide policies and procedures for establishing indirect cost rates;
- developing and implementing District-wide subgranting policies;
- defining procedures for entering initial grants and grants modifications into the SOAR system;
- identification of resources to improve grants development;
- development of recommendations for making SOAR more effective and user-friendly in tracking and monitoring grants expenditures; and
- creating District interagency systems for tracking information about sub-grant awards.

The members of the Grants Council have made a significant contribution during the past year to improving the management of District grants.

Working with the Office of Partnerships and Grants Development and agency-level staff on grants management and support activities

All of the activities enumerated above involved close collaboration between the OCFO and the Office of Partnerships and Grants Development and the many District agencies responsible for the administration and management of grants. There has been strong leadership by the chief financial officer and the city

administrator, working directly with District agencies, in identifying problems and solutions in the administration and management of grants in the District.

Conclusion

We believe that an important foundation was laid in FY 2002 and that the restructuring initiatives and other changes currently underway will lead to further improvements in this important area. Thank you for this opportunity to review the progress we made in FY 2002. We will be pleased to respond to any questions you may have.

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