



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

THE DIRECTOR

November 12, 2020

M-21-03

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM:

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Director

SUBJECT:

Improvements in Federal Spending Transparency for Financial Assistance

In FY2020, the Federal Government will be issuing more than \$3 trillion in financial assistance. As stewards of taxpayer dollars the Federal Government has a responsibility to the American people to promote transparency and accountability of Federal spending. Data is one of the most valuable assets of the Federal Government and, if leveraged effectively can be used to transform the way society, businesses, recipients, and local Government interface with the Federal Government. Congress recognized the potential benefits of leveraging data by passing the Federal Funding Accountability and Transparency Act (the Transparency Act), the Digital Accountability and Transparency Act (DATA Act), and more recently, the Grant Reporting Efficiency and Agreement Transparency Act (GREAT Act), which requires better use of data standards to enable more information about Federal financial assistance available online to the public. To fully realize the vision outlined in the President's Management Agenda for *Results-Oriented Accountability*, *Sharing Quality Services*, and to *Leverage Data as Strategic Asset*, the Federal Government must modernize the grants and cooperative agreements reporting framework.<sup>1</sup> This memorandum builds on the Government's existing efforts to improve transparency over financial assistance spending and is intended to align efforts to implement the Transparency Act as amended by the DATA Act, the President's Management Agenda, and the GREAT Act.

### Recent Progress in Improving Spending Transparency for Financial Assistance

Since passage of the Transparency Act in 2006, OMB has worked with Federal agencies to publish information about Federal financial assistance awards. In 2014, the DATA Act required that this information was expanded to include linkages to budget and account level data. With the passage of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), as implemented by [M-20-21 Implementation Guidance For Supplemental Funding Provided in Response to the Coronavirus Disease 2019 \(COVID 2019\)](#), OMB has added further granularity to that data by including outlays and the ability to identify funds linked to emergency and disaster appropriations through the Disaster and Emergency Fund Code (DEFC).

<sup>1</sup> Throughout the document grants include cooperative agreements.

In response to recommendations from the DATA Act Section 5 Pilot, in October 2019, OMB issued Version 1.0 of the Grants Standard Data Elements.<sup>2</sup> In 2019, the President signed into law the GREAT Act, which seeks to modernize grants and cooperative agreement reporting, reduce burden, strengthen oversight and management by standardizing grant data elements, and increase transparency to the public. Consistent with the GREAT Act, this memorandum takes additional steps to make information about financial assistance awards available to the public. The additional reporting and transparency obligations under the CARES Act increase the need for the federal government to develop, adopt, and implement grants data standards that enable greater transparency for federal grants spending.

***Promoting Transparency through the Publication and Data Element Standardization of Federal Financial Assistance Award Agreements and Indirect Cost Rates***

In support of strengthening results-oriented accountability and management of Federal grants, and to promote user-friendly open data sets and transparency to the public, this memorandum requires all information in signed and legally binding grant award agreements to be made public on a USASpending.gov to the maximum extent permitted by law.<sup>3</sup>

On August 13, 2020,<sup>4</sup> OMB published an update to the Guidance for Grants and Agreements in Title 2 of the Code of Federal Regulations (2 CFR) which requires the publication of the federally negotiated indirect rate, distribution base, and rate type for a non-Federal entity on an OMB-designated Federal website. This memorandum designates USASpending.gov as the official Federal website to display the federally negotiated indirect rate, distribution base, and rate type for a non-Federal entity receiving federal Financial Assistance awards.<sup>5</sup> Effective FY2022, cognizant agencies<sup>6</sup> must report this information by non-Federal entity to a central location for display on USASpending.gov recipient profiles.<sup>7</sup> Additionally, agencies must begin reporting indirect cost by total dollar amount by award with their Federal Assistance Broker Submission (FABS) data to the DATA Act broker.

Within fifteen days of issuance of this memorandum, OMB, in accordance with Section 6 of the GREAT Act<sup>8</sup> and in partnership with the Grants Standards setting agency, will convene a working group to provide recommendations on a set of common standard data elements for award agreements, otherwise known as notice of awards (NOA), and information related to

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<sup>2</sup> <https://ussm.gsa.gov/fibf-gm/>

<sup>3</sup> Nothing in this guidance shall be read to require the disclosure to the public of information that would be exempt from disclosure under section 552 of title 5, United States Code (commonly known as the “Freedom of Information Act”). See Pub. L. No. 116-103 § 6(c).

<sup>4</sup> [85 FR 49506](#)

<sup>5</sup> Exception for the Indian tribes or tribal organizations, as defined in the Indian Self Determination, Education and Assistance Act, [25 U.S.C. § 450b\(1\)](#)

<sup>6</sup> 2 CFR 200.1 defines cognizant agency as, “Cognizant agency for indirect costs means the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this part on behalf of all Federal agencies. The cognizant agency for indirect cost is not necessarily the same as the cognizant agency for audit. For assignments of cognizant agencies see the 2 CFR 200.1.

<sup>7</sup> The Grants Data Standards Element Working Group will further inform what data elements are needed to link this information to recipient data in SAM.

<sup>8</sup> Pub. L. No. 116-103 § 6(b).

indirect cost rates. This work will build on Version 1.0 of the Grants Standard Data Elements,<sup>9</sup> and on results of the Section 5 DATA Act Pilot for Grants,<sup>10</sup> which demonstrated that a standard format for award agreements aids the transformation and modernization of recipient reporting. At a minimum, the working group will consider the information in the award agreement to include the terms and conditions, along with the notice of funding opportunity, the indirect cost rate, and intended performance results, or other data elements in support of 2 CFR implementation. Following OMB's approval of the standard data elements, OMB will work with Treasury to establish technical standards. Additional recommendations from this working group will support future OMB policy on an open standard data schema for grants.

Within three months of convening, the working group will submit the revised Grant Standard Data Elements through the Business Standards Council (BSC) for OMB approval. The BSC and OMB will provide expedited review. Upon updated publication of OMB approved Grants Standard Data Elements, agencies must adopt the standards and implement in their grants management systems to be published and linked to spend and award information and displayed on USASpending.gov beginning FY2022.<sup>11</sup>

### ***Leverage Existing Recipient Data to Promote Transparency and Accountability***

The Federal Government must provide a data-centric risk-based framework necessary to deliver better results to the American public and steward resources. Leveraging existing data to assess and manage recipient risk supports a risk-based performance framework that balances compliance requirements with demonstrating successful results to the American taxpayer. In support of these efforts, effective FY2021 USASpending.gov will display relevant recipient data and information that can be made available through certain linkages, such as the Employer Identification Number (EIN) available from the System for Award Management. In support of promoting accountability and transparency, OMB will convene a working group to identify additional opportunities and recommendations to leverage and link existing recipient data.

### ***Require Multiple Assistance Listings***

There may be multiple Assistance Listings that fund an award. Currently, agencies are only required to report the predominant Assistance Listing (formally Catalog for Federal Domestic Assistance), while any other Listings associated are optional to report to USASpending.gov. Consistent with OMB Memorandum M-20-21 requirements of agency submission to the FABS, agencies must report all Assistance Listings and the associated funding for each Federal Financial Assistance award reported to USASpending.gov effective in FY2022 for all new awards.

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<sup>9</sup> <https://ussm.gsa.gov/fibf-gm/>

<sup>10</sup> <https://www.hhs.gov/about/agencies/asfr/data-act-program-management-office/section-5-grants-pilot/index.html>

<sup>11</sup> M-18-24 directs agencies to review data standards when they are published to ensure completeness and accuracy, and inclusion of critical distinctions in types of grants and recipients.

## *Award Description*

Agencies are reminded they are required to report an award description for any actions associated with an award and of existing guidance related to the data quality over financial assistance award descriptions. This includes characteristics of strong award descriptions, which should avoid acronyms or Federal or agency-specific terminology, and include a plain language description of the:

- Purpose for the award along with specific performance goals, indicators, milestones, or expected outcomes of the Federal award<sup>12</sup>
- Intended beneficiary or recipient of the funds

Strong award descriptions provide the reader with an understanding of the purpose of the Federal financial assistance award being provided to the recipient and include a description of award-specific activities and purpose. Award descriptions are distinct from the programmatic level information provided in the Assistance Listings and Federal awarding agencies are discouraged from including general programmatic level information in the award description.

Most recently, OMB has emphasized controls over award descriptions in OMB Memorandums [M-18-16](#) Appendix A to OMB Circular No. A-123, *Management of Reporting and Data Integrity Risk*,<sup>13</sup> [M-18-24](#) *Strategies to Reduce Grant Recipient Reporting Burden*, and [M-20-21](#) *Implementation Guidance For Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID 2019)*.<sup>14</sup> The award description is one piece of data that can be particularly impactful to the public in sharing information about the intended impact of Federal spending.

## **Management of Reporting and Data Integrity Risk**

In light of the additional transparency and accountability measures, Agencies are reminded of existing guidance on data quality reported to USASpending.gov, most recently in OMB Memorandum M-18-16. In order to ensure data quality and integrity, OMB Memorandum M-18-16 directs Agencies to review the controls they have in place for providing transparent spending information to the public: Agencies must have controls in place to assure the full disclosure of Federal funds are reported in accordance with the strategic objective of providing reliable information connecting financial information to awards for management decision making and for public accountability.

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<sup>12</sup> In support of the President's Management Agenda recent changes in 2 CFR require more detailed performance description information to provide clear performance goals, indicators, and targets.

<sup>13</sup> Confirmation that these data are linked through the inclusion of the award identifier in the Agency's financial system, and reported with plain English award descriptions. Agencies must have controls that controls to assure that award descriptions meet the standard of "[a] brief description of the purpose of the award."<sup>13</sup>

<sup>14</sup> OMB Memorandum M-20-21 reminds agencies that "descriptions of awards should be in plain language."

Specifically, OMB Memorandum M-18-16 also requires Agencies to have a DATA Act Data Quality Plan (DQP)<sup>15</sup> that should include a testing plan and identification of high-risk reported data. This includes specific data the Agency determines to be high-risk that are explicitly referenced by the Transparency Act, as amended by the DATA Act. While M-18-16 requires a DQP through Fiscal Year 2021, OMB Memorandum M-20-21 requires a DQP through the full expense of COVID-19 related funding.

Questions related to this guidance may be directed to: [SpendingTransparency@OMB.eop.gov](mailto:SpendingTransparency@OMB.eop.gov)

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<sup>15</sup> Pursuant to OMB Memorandum M-18-16, the DQP is to be included in the Agency annual assurance statement process.