



August 2022

# GRANTS MANAGEMENT

## Interior Should Improve the Award Process for Some Competitive Grant Programs

Accessible Version

# GAO Highlight

Highlights of [GAO-22-105407](#), a report to congressional requesters

## Why GAO Did This Study

Interior awarded over \$4 billion in competitive grants in fiscal years 2019 through 2021 across nine grant-making bureaus. Recipients of competitive grants include state agencies, nonprofits, and universities, among others. Recipients use the grants for various activities, such as assisting with the recovery of endangered species and creating conservation opportunities for youth.

GAO was asked to review Interior's grant award process. This report (1) describes Interior's process for announcing grant opportunities, reviewing applications, and making award decisions; and (2) evaluates the extent to which Interior's award process is consistent with relevant federal grant regulations.

To do this work, GAO reviewed relevant federal laws, regulations, and Interior guidance and interviewed Interior officials. GAO also reviewed award documents for a sample of 18 competitive grant programs across Interior's bureaus and compared the process that Interior uses to award grants with relevant regulations. GAO also analyzed agency data from fiscal years 2019 through 2021.

## What GAO Recommends

GAO is making two recommendations: (1) the Director of the U.S. Fish and Wildlife Service should issue a memorandum reinforcing the need for grant programs to include criteria and weights in funding announcements and evaluate applications using those standards and (2) Interior should develop a policy to ensure that officials document the rationale for grant award decisions. Interior concurred with GAO's recommendations.

View [GAO-22-105407](#). For more information, contact Cardell Johnson at (202) 512-3841 or [johnsoncd1@gao.gov](mailto:johnsoncd1@gao.gov).

August 2022

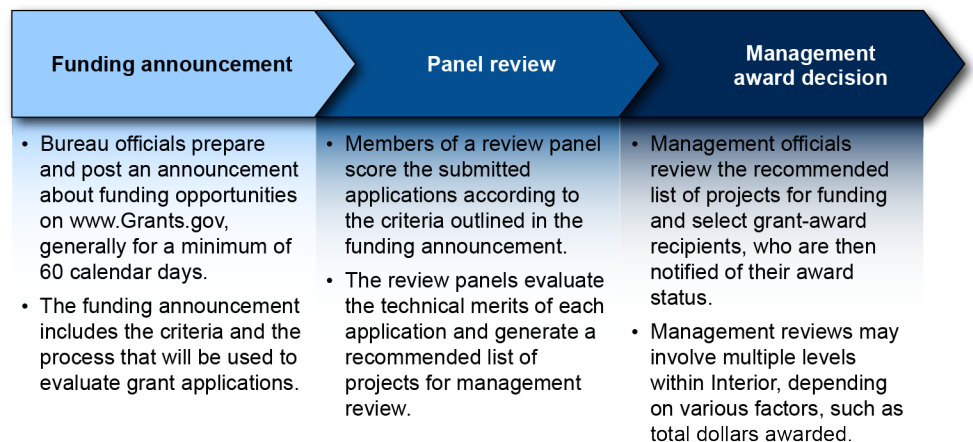
## GRANTS MANAGEMENT

### Interior Should Improve the Award Process for Some Competitive Grant Programs

## What GAO Found

The Department of the Interior's competitive grant award process involves announcing funding opportunities, evaluating grant applications, and obtaining management approval to issue award decisions (see fig.). Interior's nine grant-making bureaus make all funding announcements publicly available, and a panel, which may include bureau staff and experts outside the agency, reviews and scores grant applications based on criteria outlined in the funding announcement. Following the scoring process, the panel develops a recommended list of applicants for management review and a final award decision.

#### Overview of the Department of the Interior's Competitive Grant Award Process



Source: GAO analysis of information from the Department of the Interior. | [GAO-22-105407](#)

GAO found that Interior's grant programs that GAO reviewed follow an award process that is generally consistent with relevant federal grant regulations. However, two of three U.S. Fish and Wildlife Service grant programs that GAO reviewed did not clearly identify criteria and weights in funding announcements and did not use criteria to evaluate applications. Without this information, applicants might not submit applications meeting all the criteria, and panel members might not uniformly evaluate applications, potentially leading to inconsistencies in the review process.

GAO also found that grant programs across the U.S. Fish and Wildlife Service, National Park Service, and U.S. Geological Survey lacked documentation to support certain award decisions. For example, National Park Service leadership made an award to a lower-ranked applicant instead of to a recommended applicant, without written support. Interior's internal policy for competitive grants does not explicitly call for officials to provide documentation of award decisions. Without documenting its rationale for award decisions, Interior lacks assurance that its award decisions follow relevant federal grant regulations.

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**Abbreviations**

BIA	Bureau of Indian Affairs
BOEM	Bureau of Ocean Energy Management

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BOR	Bureau of Reclamation
BSEE	Bureau of Safety and Environmental Enforcement
FAIR	Financial Assistance Interior Regulation
FWS	U.S. Fish and Wildlife Service
Interior	Department of the Interior
NPS	National Park Service
OMB	Office of Management and Budget
OSMRE	Office of Surface Mining Reclamation and Enforcement
Uniform Guidance	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
USGS	U.S. Geological Survey

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August 23, 2022

The Honorable Raúl M. Grijalva  
Chairman  
Committee on Natural Resources  
House of Representatives

The Honorable Mazie Hirono  
United States Senate

The Department of the Interior awarded over \$4 billion in competitive grants in fiscal years 2019 through 2021.<sup>1</sup> Nine bureaus within Interior award competitive grants, and the U.S. Fish and Wildlife Service (FWS) and National Park Service (NPS) are among the top grant-making bureaus in total dollars awarded.<sup>2</sup> Competitive grant programs provide support for various activities, such as assisting with the recovery of endangered species and creating conservation opportunities for youth. Recipients of competitive grants include state agencies, nonprofits, universities, and federally recognized tribes and tribal organizations, among others.

Our prior work has highlighted the importance of awarding competitive grants in a fair and transparent way.<sup>3</sup> In addition, the Office of Management and Budget (OMB) has taken actions to help improve the

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<sup>1</sup>Federal agencies provide financial assistance to nonfederal entities, using different funding mechanisms, generally grants or cooperative agreements. Cooperative agreements are distinguished from grants in that they provide for substantial involvement of the federal agency in carrying out the activity contemplated by the award. For the purpose of this report, we use the term “grants” to refer collectively to both grants and cooperative agreements and the term “competitive grants” to refer to discretionary grants that are awarded through a competitive process or based on the merit of the proposals.

<sup>2</sup>Interior bureaus that award competitive grants include the Bureau of Indian Affairs, Bureau of Land Management, Bureau of Ocean Energy Management (BOEM), Bureau of Safety and Environmental Enforcement (BSEE), Bureau of Reclamation, National Park Service, Office of Surface Mining Reclamation and Enforcement, U.S. Fish and Wildlife Service, and U.S. Geological Survey. Grants made by BOEM and BSEE are managed by the same personnel.

<sup>3</sup>GAO, *Grants Management: Selected Agencies Could Clarify Merit-Based Award Criteria and Provide Guidance for Reviewing Potentially Duplicative Awards*, [GAO-17-113](#) (Washington, D.C.: Jan. 12, 2017).

effectiveness and efficiency of grant-making across the federal government. Specifically, OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which streamlined guidance on federal awards and provided a government-wide framework for grants management, has been adopted by federal grant-making agencies, including Interior.<sup>4</sup> For competitive grants under the Uniform Guidance, federal agencies are to, among other things, design and execute a merit review process for applications. A merit review is described by the Uniform Guidance as an objective process of evaluating federal award applications in accordance with written standards set forth by the federal awarding agency.

You asked us to review Interior's award process for competitive grants. This report (1) describes Interior's process for announcing grant opportunities, reviewing applications, and making award decisions; and (2) evaluates the extent to which Interior's award process is consistent with relevant federal grant regulations.

For both objectives, we interviewed Interior staff responsible for overseeing competitive grant programs, including bureau staff and personnel from the Office of Grants Management. We asked these officials about the role they played in awarding competitive grants and followed up on information included in grant case files. We also discussed the steps associated with making award decisions, including the elevated review process that Interior instituted during fiscal year 2018 and discontinued in fiscal year 2021. The results of these interviews cannot be generalized across all bureaus within Interior but were used to obtain perspectives on the grant award process.

To describe Interior's process for announcing grant opportunities, reviewing applications, and making award decisions, we reviewed its policies and procedures for the award process. We also reviewed OMB's Uniform Guidance and the Financial Assistance Interior Regulation (FAIR), Interior's regulations that supplement the Uniform Guidance. To learn more about the award process, we reviewed agency award documentation and information in Assistance Listings, a compilation of federal assistance programs that includes grants. Using our review of these materials, we developed an initial list of Interior's nine grant-making

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<sup>4</sup>79 Fed. Reg. 75,867 (Dec. 19, 2014) (joint interim final rule implementing OMB's final Uniform Guidance); 78 Fed. Reg. 78,590 (Dec. 26, 2013) (OMB's final Uniform Guidance) (codified as amended at 2 C.F.R. pt. 200).

bureaus that awarded competitive grants in fiscal years 2019 through 2021 and corroborated this list with Interior officials.

To examine the extent to which Interior's award process is consistent with relevant federal grant regulations, we reviewed the FAIR and agency guidance, as well as the Uniform Guidance. We also reviewed sample case files from a selection of 18 competitive grant programs that made awards in fiscal years 2019 through 2021. In selecting this nonprobability sample of files, we considered total dollars awarded and number of grant programs by bureau, the fiscal year of the award cycle, and the dollar size of the grant program to obtain a mix of different types of programs. Case files included a funding announcement, which describes the funding opportunity to applicants; documentation of the scoring of applications; and memos that documented the results of the scoring process. To assess the extent to which the award process is consistent with relevant federal grant regulations, we compared the process that Interior uses to award competitive grants with OMB's Uniform Guidance. We also compared Interior's process with relevant portions of the *Standards for Internal Control in the Federal Government*, such as documenting all transactions and other significant events.<sup>5</sup> Appendix I contains a more detailed description of our scope and methodology.

We conducted this performance audit from September 2021 to August 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>5</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

## Background

### Overview of Interior’s Competitive Grant Programs

Interior provides competitive grants to a variety of recipients, including state agencies; nonprofits; universities; and federally recognized tribes and tribal organizations, among others. For example, the Bureau of Reclamation (BOR) manages the WaterSMART grant program, which supports municipal agencies and others with water infrastructure improvements. In addition, the Bureau of Indian Affairs (BIA) manages the Tribal Climate Resilience grant program, which assists tribal governments in incorporating climate considerations into planning and decision-making. Further, under the Clean Vessel Act grant program, FWS awards grants to states for projects focused on constructing and maintaining facilities to accept sewage from recreational boats and on developing public education materials about the importance of proper sewage disposal.

In fiscal years 2019 through 2021, Interior awarded over \$4 billion in competitive grants, with NPS and FWS each awarding over \$1 billion during that period. The number of competitive grant programs managed by each bureau varies considerably, ranging from five programs for the Office of Surface Mining Reclamation and Enforcement (OSMRE) to 49 programs for FWS, as shown in table 1.

**Table 1: Total Number of Grant Programs and Funding Awarded for Department of the Interior Competitive Grants, by Bureau, Fiscal Years 2019-2021**

Bureau	Number of grant programs	Grant funding awarded (dollars)
Bureau of Indian Affairs	22	115,806,756
Bureau of Land Management	20	243,845,998
Bureau of Reclamation	37	632,564,509
Bureau of Safety and Environmental Enforcement/Bureau of Ocean Energy Management <sup>a</sup>	6	31,279,931
National Park Service	34	1,012,719,710
Office of Surface Mining Reclamation and Enforcement	5	191,253,259
U.S. Fish and Wildlife Service	49	1,491,941,318
U.S. Geological Survey	12	327,903,376
<b>Total</b>	<b>185</b>	<b>4,047,514,857</b>

Source: GAO analysis of Department of the Interior’s Financial and Business Management System data. | GAO-22-105407



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Note: The table above does not include programs or funding awarded by the Bureau of Indian Education, as the bureau did not manage any competitive grant programs during the period of our review.

<sup>3</sup>According to Interior officials, grants by the Bureau of Safety and Environmental Enforcement and Bureau of Ocean Energy Management are managed by the same personnel.

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## Competitive Award Process

Interior's competitive grant award process is similar to that of other federal agencies and involves preparing a funding announcement and posting it on [www.Grants.gov](http://www.Grants.gov), reviewing grant applications, and making award decisions. Each Interior grant program makes individual awards to recipients, which may occur on an annual cycle. The number of awards made in a cycle per grant program depends on the amount of available funding and the results of the application review process. For example, in fiscal year 2019, NPS's American Battlefield Preservation Planning grant program received 19 applications and made awards to 16 applicants.

Our previous grants management work has found that risks and vulnerabilities exist in the federal award process. For example, we found that agency internal control processes had weaknesses in terms of documenting grant award decisions.<sup>6</sup> We have highlighted the importance of documenting the rationale for award decisions, such as instances in which an agency does not select a highly rated applicant.<sup>7</sup>

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## Federal Grant Regulations and Interior Policies

Interior's competitive grant award process is guided by federal grant regulations and the agency's merit review policy.

**Federal grant regulations.** The Uniform Guidance, adopted by federal grant-making agencies, including Interior, in December 2014, provides a government-wide framework for grants management.<sup>8</sup> Provisions of the

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<sup>6</sup>GAO, *Countering Violent Extremism: DHS Needs to Improve Grants Management and Data Collection*, [GAO-21-216](#) (Washington, D.C.: Feb. 1, 2021).

<sup>7</sup>GAO, *Discretionary Transportation Grants: Actions Needed to Improve Consistency and Transparency in DOT's Application Evaluations*, [GAO-19-541](#) (Washington, D.C.: June 26, 2019).

<sup>8</sup>79 Fed. Reg. 75,867 (Dec. 19, 2014) (joint interim final rule implementing OMB's final Uniform Guidance); 78 Fed. Reg. 78,590 (Dec. 26, 2013) (OMB's final Uniform Guidance) (codified as amended at 2 C.F.R. pt. 200).

Uniform Guidance include notifying the public of the grant opportunity through a funding announcement. This funding announcement is to include, among other things, federal award information, including sufficient information about the award to help an applicant make an informed decision about whether to submit an application, and application review information, including the criteria and process to be used to evaluate applications.<sup>9</sup> Further, an appendix to the Uniform Guidance provides more detail on the information to be included in funding opportunities, reiterating that agencies must include the criteria that it will use to evaluate applications. The appendix also states that the intent of this requirement is to make the application process transparent, so that applicants can make informed decisions when preparing their applications in order to maximize the fairness of the process.

In addition, in August 2019, Interior finalized regulations establishing the FAIR, which supplements the Uniform Guidance.<sup>10</sup> Among other things, the FAIR provides that when grants are awarded competitively, Interior requires that the competitive process be fair and impartial, that all applicants be evaluated only on the criteria stated in the announcement, and that no applicant receive an unfair competitive advantage.<sup>11</sup> The FAIR also provides that Interior bureaus and offices are to develop an Evaluation and Selection Plan, to be composed of five elements, in concert with the notice of funding opportunity to ensure consistency, and to outline and document the selection process.<sup>12</sup>

**Interior merit review policy.** Prior to the issuance of the FAIR, in December 2014, Interior's Office of Acquisition and Property Management issued its merit review policy to implement OMB's Uniform Guidance which required a comprehensive, impartial, and objective grant application review process based on criteria contained in the funding

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<sup>9</sup>See 2 C.F.R. § 200.204.

<sup>10</sup>84 Fed. Reg. 45,627 (Aug. 30, 2019) (codified at 2 C.F.R. pt. 1402). Because it was not finalized prior to the beginning of the period covered by the scope of our review, which covered grants awarded during fiscal years 2019 through 2021, we did not consider the FAIR for the purposes of our analysis.

<sup>11</sup>2 C.F.R. § 1402.204(a).

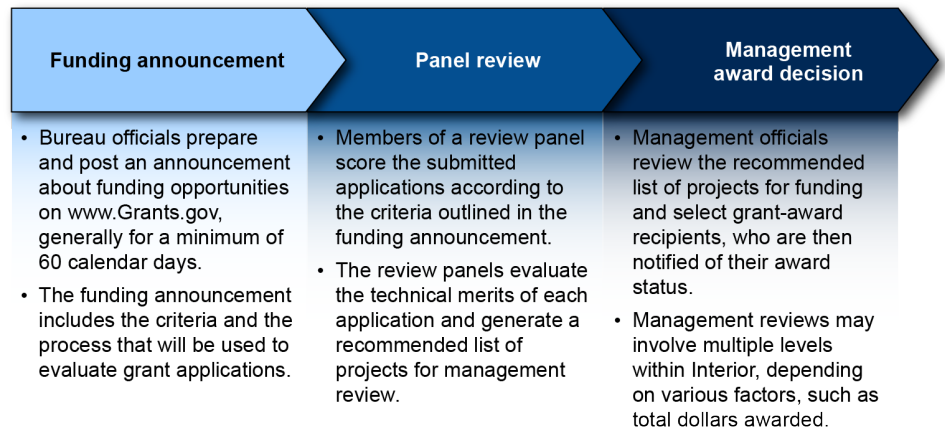
<sup>12</sup>2 C.F.R. § 1402.204(c). The five elements to be included in an Evaluation and Selection Plan are (1) merit review factors and sub-factors; (2) a rating system (e.g., adjectival, color coding, numerical, or ordinal); (3) evaluation standards or descriptions that explain the basis for assignment of the various rating system grades/scores; (4) program policy factors; and (5) the basis for selection. *Id.*

announcement.<sup>13</sup> In general, while Interior’s merit review policy implemented and reinforced the provisions of the Uniform Guidance, it also provided more detailed direction for all bureaus, such as calling for the development of an Evaluation and Selection Plan for each funding announcement.

## Interior’s Grant Award Process Involves Announcing Opportunities, Reviewing Applications, and Making Award Decisions

Interior’s grant-making bureaus follow an award process for competitive grants that involves preparing and posting a funding announcement, evaluating grant applications by panel reviewers, and obtaining management approval to issue award decisions (see fig. 1).

**Figure 1: Overview of the Department of the Interior’s Competitive Grant Award Process**



Source: GAO analysis of information from the Department of the Interior. | GAO-22-105407

**Funding announcement.** According to our review of award documentation and our interviews with agency officials, bureaus prepare funding announcements that contain information on the funding opportunity, the application process, and the evaluation criteria. Bureaus make funding announcements available publicly at [www.Grants.gov](http://www.Grants.gov), and announcements specify what entities are eligible to apply and the process

<sup>13</sup>Department of the Interior, *Financial Assistance Application and Merit Review Process* (Dec. 22, 2014).

for submitting an electronic application. According to Interior's merit review policy, while criteria described in each funding announcement may vary, the basic criteria should focus on the project's underlying merit (i.e., significance, approach, and feasibility), emphasizing the broader importance or potential impact of a project. The evaluation criteria may be weighted differently, and the funding announcement generally describes the weighting process so that applicants can understand how they will be evaluated. For example, the fiscal year 2021 funding announcement for BIA's Tribal Tourism grant program included the following weighted criteria: a project's economic benefits (50 percent), project deliverables (20 percent), feasibility process and analysis (10 percent), costs of proposal (10 percent), and specificity of the project (10 percent).

**Panel review.** According to Interior's merit review policy, bureaus may use a review panel to score eligible applicants and must ensure that applications are reviewed and evaluated based on the criteria described in the funding announcement.<sup>14</sup> The purpose of the review is to examine applications in a comprehensive, impartial, and objective manner. The panel may include bureau subject matter experts and representatives with technical expertise from state, federal, and academic institutions. Reviewers are selected based upon their professional qualifications relating to the subject matter expertise needed to evaluate applications.

Each grant program should provide reviewers with guidance on how to conduct the panel review process. For example, reviewers may work independently to evaluate and score applications against the criteria in the funding announcement. Reviewers use a common rating system (e.g., numerical) to indicate the degree to which a grant application has met the standard for each criterion. For example, in the fiscal year 2021 funding announcement for OSMRE's Watershed Cooperative Agreement program, 10 percent of the total weighted score is represented by the financial support criterion. Reviewers used the following numerical rating to score applicants for financial support: exceptional (10 points), good (5 points), and poor (1 point). After independently scoring the applications, reviewers may participate in a panel discussion, where a lead reviewer or chairperson documents the strengths and weaknesses of each

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<sup>14</sup>For the purpose of this report, we have focused on the merit review stage, where reviewers evaluate the substance of the application; however, applications may go through several iterations of reviews, which may include a basic eligibility screening to ensure the eligibility and completeness of applications, as well as a threshold screening to screen applications for the adequacy of the budget and compliance with statutory and other requirements.

application in a summary report. Following the scoring process and panel discussion, the panel develops a recommended list of applicants for funding.

**Management award decision.** Our review of award documentation shows that management officials review the panel's list of recommended applicants to select recipients, who are then informed of their selection through official award notifications. Management officials who participate in the final review of applications vary, depending on the bureau and grant program, and may include the head of the grant program. The applications for some grant programs may be subject to additional reviews by senior officials, such as the bureau Director and appropriate Assistant Secretary. For example, these additional reviews might stem from total dollars awarded or issues identified through audits and investigations, such as past irregularities associated with the award process for a particular grant program.

Interior management has the discretion to make the final selection of funding recipients based on criteria and program policy factors outlined in the funding announcement. Program policy factors—such as maximizing funding effectiveness or achieving bureau objectives—are elements that an official may consider in making an award decision that are separate from an applicant's individual merit. For example, the fiscal year 2020 Evaluation and Selection Plan for the U.S. Geological Survey's (USGS) National Geological and Geophysical Data Preservation grant program states that management reserves the right to deviate from the grant review panel's rankings to accommodate program priorities.

According to Interior guidance, in fiscal years 2019 and 2020, Interior implemented a process in which competitive grants received an elevated layer of review by Interior's Senior Advisor to the Assistant Secretary for Policy, Management and Budget, prior to final approval.<sup>15</sup> This elevated review was in addition to the standard management reviews that occur at

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<sup>15</sup>According to Interior guidance, the agency initiated the elevated review process involving the Senior Advisor in fiscal year 2018.

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the program, bureau, or assistant secretary level, and it was discontinued in fiscal year 2021.<sup>16</sup>

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## Interior's Grant Award Process for Selected Programs Is Generally Consistent with Relevant Federal Grant Regulations, but Some Grant Programs Did Not Fully Conform to the Process

Interior's grant programs that we reviewed follow an award process that is generally consistent with federal grant regulations in the Uniform Guidance, such as by including certain information in funding announcements and by designing and executing a merit review process for applications. However, some grant programs did not clearly identify criteria to be used in evaluating applications or did not have documentation to support award decisions.

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## Interior's Grant Award Process for Selected Programs Is Generally Consistent with Relevant Federal Grant Regulations

The 18 competitive grant programs that we reviewed across Interior's bureaus have an award process in place that is generally consistent with federal grant regulations in OMB's Uniform Guidance, according to our review of award documentation. For example, the Uniform Guidance provides that funding announcements are to contain certain information, including the criteria and process to be used to evaluate applications. We found that funding announcements that we reviewed from fiscal years 2019 through 2021 for the 18 programs included a description of the evaluation criteria and process. For example, an announcement for an NPS grant program explained that a review panel of federal agency experts representing applicable preservation, history, education, and

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<sup>16</sup>Specifically, according to Interior guidance, in fiscal years 2019 and 2020, grants with individual or aggregate awards of \$50,000 or more to a nonprofit or institution of higher education, or awards to acquire land, required an elevated review by the Senior Advisor. Additionally, all competitive awards totaling \$250,000 or more required review from the Senior Advisor. The elevated review process was intended to be a comprehensive, in-depth analysis of grants from both an individual award and programmatic perspective, according to Interior guidance.

conservation disciplines would review and evaluate all eligible applications based on the criteria specified in the announcement. This announcement also described the weights for each criterion and indicated that review panel comments would be available to applicants upon request.

In addition to specifying the information that is to be included in funding announcements, the Uniform Guidance also addresses federal agency merit review of competitive grant applications. Specifically, the Uniform Guidance provides that, unless prohibited by federal statute, agencies must design and execute a merit review process for applications, with the objective of selecting recipients most likely to be successful in delivering results based on the program objectives. We found that all of the grant programs in our review used a merit review process in which each program convened a review panel that scored applications, and these panels compiled a recommended list of projects. For example, a USGS grant program convened a panel consisting of three subject matter experts from USGS, three specialists from state geological surveys, and one representative from an academic institution. The panel applied four criteria in scoring applications, met as a group to reach consensus, and then generated a recommended list of projects for funding.

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### Some Grant Programs Did Not Clearly Identify Criteria to Be Used in Evaluating Applications or Have Documentation to Support Award Decisions

While we found that the grant award process for selected programs is generally consistent with relevant federal grant regulations, we found that some grant programs did not clearly identify criteria and weights in funding announcements and did not use criteria to evaluate applications. In addition, we found that some grant programs did not document their award decisions.

#### FWS Did Not Clearly Identify Criteria to Be Used in Evaluating Applications for Two Grant Programs

Of the 18 grant programs we reviewed, we found that two FWS grant programs did not clearly identify criteria and weights in funding announcements, and review panels did not use criteria to evaluate

applications.<sup>17</sup> Specifically, for the two programs, the criteria upon which grant applications were to be evaluated were not clearly defined in a single location in the funding announcements that we reviewed. Rather, we found that possible criteria were scattered throughout various sections of the announcement, were not always identified as criteria, and did not have relative weights assigned. For example, one announcement included possible criteria in four different sections: Criteria; Description of Funding Opportunity; Review and Selection Process; and Voluntary Committed Cost Share or Matching. Because the criteria were not organized in one section and clearly labeled, applicants may not have known how to appropriately focus their applications. Moreover, we found that the review panels for these two programs did not use criteria to evaluate applications; rather, they generated a summary score for each application based on a narrative description of strengths and weaknesses.

Under the Uniform Guidance, funding announcements are to include the criteria that the federal awarding agency will use to evaluate applications and specify the relative weights, if any, the agency will apply to these criteria.<sup>18</sup> The Uniform Guidance further states that the intent is to make the application process transparent so applicants can make informed decisions when preparing their applications to maximize fairness of the process. As previously noted, the Uniform Guidance also provides that federal agencies must not only design, but execute a merit review process, which is the objective process of evaluating applications in accordance with written standards, such as criteria, set forth by the agency. Furthermore, such process must be described or incorporated by reference in the funding announcement. Interior's merit review policy and FWS's own procedures also require FWS competitive grant programs to delineate the criteria and weights in funding announcements and to use the criteria to evaluate applications.

According to FWS officials, the two programs did not use criteria and weights to guide the announcement and evaluation process because the programs preferred to provide discretion to panel members in evaluating applicants. Further, officials stated that these two grant programs, as well

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<sup>17</sup>These two grant programs were among three total grant programs that we reviewed for FWS.

<sup>18</sup>Specifically, according to the Uniform Guidance, the announcement should clearly describe all criteria, including sub-criteria, and if criteria vary in importance, the announcement should specify the relative percentages, weights, or other means used to distinguish among them. 2 C.F.R. pt. 200, app. I.



as other programs within FWS, do not use specific criteria and weights because they believe the evaluation process already has enough rigor and follows the general spirit of Uniform Guidance and agency requirements. However, unless the criteria and any weights assigned to those criteria are clearly specified for applicants in the funding announcement, applicants may not know how best to focus their applications to ensure that they address all of the criteria they will be evaluated against. Further, clear information for applicants could lead to submission of applications that better align with review criteria, which can facilitate a more effective and efficient merit review process for FWS staff. Finally, without such information on criteria and how to weigh those criteria, review panel members may not uniformly evaluate applications, potentially leading to inconsistencies in the review process.

#### Some Award Decisions Were Lacking Supporting Documentation

Our review found that 15 grant programs across three bureaus lacked documentation to support individual award decisions. Specifically, for grant programs within FWS, USGS, and NPS, Interior or bureau leadership either denied or failed to make award decisions on certain applications—despite those applications being recommended by review panels—without documenting the rationale.

**U.S. Fish and Wildlife Service.** According to information that FWS provided to us, award decisions on certain grant applications for 13 FWS grant programs were put on hold during fiscal year 2019 without leadership providing a rationale. For each program, FWS review panels had evaluated grant applications and had developed a list of recommended applications for management review. However, the Senior Advisor to the Assistant Secretary for Policy, Management and Budget, or the FWS Director, depending on the program, put certain recommended applications on hold and failed to take any action, despite attempts by FWS staff to obtain an award decision. Many of these applications had an international focus or related to the conservation of animals, such as tigers and migratory birds, according to FWS officials.

Our analysis of information that FWS provided during our review indicates that the Senior Advisor was responsible for putting on hold most of the recommended applications. Our case file review included one of the grant programs with on-hold applications. The case file included email communication from FWS grants staff over a period of several months, in which they were attempting to gain approval from the Senior Advisor on

the recommended applications; however, according to FWS officials, FWS staff did not obtain a response.

According to FWS officials, it was unclear why Interior and FWS leadership did not award grants to certain applicants, despite approving awards for other applicants within the same grant programs. FWS officials told us that leadership did not provide grant program officials with an opportunity to discuss or better understand why certain grant applications were put on hold and never received awards. However, according to FWS officials, it appeared that the Senior Advisor, in particular, closely scrutinized applications focused on certain topics, such as endangered species and climate change, rather than considering the merit of individual grant applications or program policy factors, such as leveraging resources between similar programs.

FWS officials stated that, in many cases, grant program officials withdrew their request for an award decision because it was apparent that management had effectively denied the recommended awards, and the applicants had already missed the window of time to complete activities. For example, some of the applicants needed to complete a survey or collect data at a certain time of year because of weather, the school year, or other considerations, and that opportunity was lost with the delay in the award.

**U.S. Geological Survey.** According to USGS staff, in fiscal year 2018, the Senior Advisor failed to make an award decision on one application, which involved research by a university on the impacts of climate change. USGS officials attempted to obtain information from the Senior Advisor regarding the status of the award decision; however, after receiving no response for an extended period, USGS officials said that they interpreted the Senior Advisor's nonresponse as an effective denial of the award. As a result, the grant application that had been recommended by the review panel never received an award, in contrast to all the other recommended applications.

**National Park Service.** According to NPS officials, NPS leadership denied an award to one application recommended by the review panel in fiscal year 2019 without providing a written rationale. Specifically, the grant program submitted the list of applications recommended by the review panel to the Assistant Secretary for Fish and Wildlife and Parks. However, the final list of applications approved by the Assistant Secretary did not include one application that had been recommended by the review panel. The recommended application was from a religious, civil rights

organization proposing to conduct historic preservation activities. An NPS official stated that an executive within the NPS Director's Office made the decision to substitute a lower-ranked application for the award because of a concern with the name of the applicant's organization, and there was no rationale provided to support this decision.

According to NPS and other bureau officials, while management typically approved most applications recommended by review panels, the questions from leadership about certain applications and delays were sometimes related to senior personnel lacking knowledge of and familiarity with the grant programs. However, officials stated that it was problematic for management to effectively deny awards for certain applications without providing a written record of the decision to deviate from the panel's recommendations.

According to the Uniform Guidance, unless prohibited by federal statute, the federal awarding agency must both design and execute a merit review process for applications. As noted previously, the merit review process is an objective process of evaluating applications in accordance with written standards set forth by the agency. The Uniform Guidance also provides that funding announcements must address the criteria that the federal awarding agency will use to evaluate applications, as well as list any program policy or other factors, other than merit criteria, that may be used in the selection of applications for award. Additionally, according to federal internal control standards, to achieve objectives and identify and respond to risks, management should clearly document all transactions and other significant events and should also implement control activities through policies.

Some individual grant programs require documenting management award decisions. For example, an OSMRE grant program provides guidance stating that "the decision-making process must be documented so that the decision and its rationale can be understood." However, Interior's merit review policy does not have a similar requirement. Specifically, the policy does not explicitly call for officials to provide written documentation of award decisions, such as an explanation indicating which criteria or program policy factors they considered in failing to make an award or an explanation of why a final award decision deviated from the panel's recommendations.

Without fully documenting its rationale for not selecting applications that were highly scored by panels, Interior lacks assurance that its award decisions follow the merit-based principles in the Uniform Guidance. As a

result, Interior could face questions about the integrity of the grant award decisions. For example, Interior could lose credibility with internal grants management staff or prospective applicants for future funding opportunities, who might lack confidence that Interior will award grants based solely on the criteria and other standards delineated in the funding announcement.

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## Conclusions

Interior's process for awarding competitive grants across its bureaus involves announcing funding opportunities, reviewing applications, and making award decisions. While Interior management has the discretion to make the final selection of funding recipients, award decisions should align with the criteria and program policy factors outlined in the funding announcement. In general, Interior's grant award process for selected programs is consistent with regulations for federal grants management, OMB's Uniform Guidance. However, two FWS grant programs did not clearly identify criteria and weights in funding announcements, and review panels did not use criteria to evaluate applications. Moreover, selected case files from grant programs across three bureaus lacked documentation to support award decisions. Without documentation that provides a basis for award decisions, Interior may face questions about the integrity of its process. In particular, when Interior fails to make awards to applicants who were highly scored by the review panel, questions may arise as to whether the agency is executing a merit review process of evaluating applications against criteria specified by the agency in its funding announcements, as called for under the Uniform Guidance.

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## Recommendations for Executive Action

We are making the following two recommendations to Interior:

The Director of the U.S. Fish and Wildlife Service should issue a memorandum reinforcing the need for grant programs to include criteria and weights in funding announcements and evaluate applications using those standards. (Recommendation 1)

The U.S. Secretary of the Interior should develop a policy to ensure that officials document the rationale for grant award decisions, including when they deviate from the review panel's recommendations. (Recommendation 2)

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## Agency Comments and Our Evaluation

We provided a draft of this report to Interior for review and comment. In its written comments, reproduced in appendix II, Interior concurred with our recommendations and described plans to address them, including updating its merit review policy.

We are sending copies of this report to the appropriate congressional committees, the Secretary of the Interior, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3841 or [johnsoncd1@gao.gov](mailto:johnsoncd1@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.



Cardell D. Johnson  
Acting Director, Natural Resources and Environment

## Appendix I: Objectives, Scope, and Methodology

We were asked to review the Department of the Interior's award process for competitive grants. This report (1) describes Interior's process for announcing grant opportunities, reviewing applications, and making award decisions; and (2) evaluates the extent to which Interior's award process is consistent with relevant federal grant regulations. To address these objectives, we reviewed relevant federal grant regulations and internal policies and guidance related to Interior's grants programs, and we collected and reviewed information from Interior's grant-making bureaus related to competitive grants that were awarded from fiscal years 2019 through 2021.

For both objectives, we interviewed bureau staff and officials from the Office of Grants Management, who are responsible for providing executive leadership, oversight, and policy for financial assistance across Interior.<sup>1</sup> Bureau staff included grant program leaders at headquarters and staff in regional offices who are responsible for administering the competitive grant programs that we reviewed. We asked these officials and staff about the role they played in announcing, reviewing, and awarding competitive grants. Specifically, we discussed the steps involved in developing a funding announcement, conducting panel reviews, and making management award decisions. For example, with respect to making award decisions, we discussed the potential impacts of an elevated review process that Interior instituted during fiscal year 2018 and discontinued in fiscal year 2021. The results of the interviews with Interior officials and staff cannot be generalized across all bureaus within Interior but were used to obtain perspectives on the grant award process.

To describe Interior's process for announcing grant opportunities, reviewing applications, and making award decisions, we reviewed Interior's *Financial Assistance Application and Merit Review Process*

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<sup>1</sup>After interviewing staff from Interior's bureaus, we determined that the Bureau of Indian Education did not award competitive grants during fiscal years 2019 through 2021, so we excluded it from our review.

policy.<sup>2</sup> We also reviewed the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) for federal grant awards and the Financial Assistance Interior Regulation (FAIR), Interior's regulations that supplement the Uniform Guidance.<sup>3</sup> Our review allowed us to identify the steps involved in the award process and the roles and responsibilities of relevant personnel. To learn more about the award process, we reviewed agency award documentation and information in the Assistance Listings, a compilation of federal assistance programs that includes grants.

Using our review of these materials, we developed an initial list of Interior's nine grant-making bureaus that awarded competitive grants in fiscal years 2019 through 2021 and corroborated this list with Interior officials.<sup>4</sup> We analyzed data on the competitive grant programs that we identified from Interior's Financial and Business Management System for fiscal years 2019 through 2021. To determine the reliability of these data, we interviewed agency officials and conducted electronic testing of the data. We determined that the data were sufficiently reliable for the purposes of our reporting objectives.

To examine the extent to which Interior's award process is consistent with relevant federal grant regulations, we reviewed the FAIR and agency guidance, along with the Uniform Guidance. We also reviewed a sample of case files for 18 selected competitive grant programs (out of 185 total grant programs) that made awards in fiscal years 2019 through 2021—the most recent fiscal year for which the award process had been completed at the time of our review—to determine what documents were contained in these files. In selecting this nonprobability sample of files, we considered the total dollars awarded and the number of grant programs by bureau, the fiscal year of the award cycle, and the dollar size of the grant program to obtain a mix of different types of programs. We selected at least one file for each bureau that awarded a competitive grant during

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<sup>2</sup>Department of the Interior, *Financial Assistance Application and Merit Review Process*, (Dec. 22, 2014).

<sup>3</sup>2 C.F.R. pt. 200 (Uniform Guidance); 2 C.F.R. pt. 1402 (FAIR).

<sup>4</sup>Interior bureaus that award competitive grants include the Bureau of Indian Affairs; Bureau of Land Management; Bureau of Ocean Energy Management (BOEM); Bureau of Safety and Environmental Enforcement (BSEE); Bureau of Reclamation; National Park Service; Office of Surface Mining Reclamation and Enforcement; U.S. Fish and Wildlife Service; and U.S. Geological Survey. Grants by BOEM and BSEE are managed by the same personnel.

the period of our review. Case files included the funding announcement, which describes the funding opportunity for applicants, documentation of the scoring of applications, and memos that documented the results of the scoring process.

We reviewed the case files using a standard document review tool to examine specific parts of these documents, such as the descriptions of the process used to review and score applications. Specifically, in our document review, we determined whether the program included required information in funding announcements, such as criteria and weights, and if review panels evaluated applications according to the criteria and other factors outlined in the announcement. To ensure that the information documented using this review tool was correct, two GAO staff members reviewed the documents: one input data using the data collection instrument; the other verified this work, making corrections as necessary.

To assess the extent to which the award process is consistent with relevant federal grant regulations, we compared the process that Interior uses to award competitive grants with OMB's Uniform Guidance. We also compared Interior's award process, such as documentation related to management award decisions, with relevant portions of the *Standards for Internal Control in the Federal Government*, such as documenting all transactions and other significant events.<sup>5</sup> The results from our case file review allowed us to examine how Interior awarded selected grants, but such results are not generalizable to all awards made in fiscal years 2019 through 2021.

We conducted this performance audit from September 2021 to August 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>5</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).



## Appendix II: Comments from the Department of the Interior



United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240

Cardell Johnson  
Acting Director, Natural Resources and Environment  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Johnson,

Thank you for providing the Department of the Interior (Department) an opportunity to review and comment on the draft Government Accountability Office (GAO) report titled, *GRANTS MANAGEMENT: Interior Should Improve Award Process for Some Competitive Grant Programs* (GAO-22-105407). We appreciate GAO's review of the Department's competitive grant award process, which involves announcing funding opportunities, evaluating grant applications, and obtaining management approval to issue award decisions. The implementation of GAO's recommendations will enhance the Department's grants management processes.

The Department concurs with the following recommendation(s) issued by GAO.

**Recommendation 1: The Director of the U.S. Fish and Wildlife Service should issue a memorandum reinforcing the need for grant programs to include criteria and weights in funding announcements and evaluate applications using those standards.**

**Response:** Concur. The Director will issue a memorandum reinforcing the need for grant programs to include criteria and weights in funding announcements and evaluate applications using those standards.

**Responsible Official:** Assistant Director, Wildlife and Sport Fish Restoration

**Target Date:** October 31, 2022

**Recommendation 2: The U.S. Secretary of the Interior should develop a policy to ensure that officials document the rationale for grant award decisions, including when they deviate from the review panel's recommendations.**

**Response:** Concur. In 2014, the Department issued a policy titled, *Financial Assistance Application and Merit Review Process*, which provides guidance to the Department's bureaus and offices when conducting merit-based reviews and other related pre-award application actions per the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The Office of Grants Management will take immediate action and issue a Policy Advisory Notice to direct DOI bureaus and offices to comply with the GAO's recommendations and ensure full documentation of financial assistance award decisions. The

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**Appendix II: Comments from the Department  
of the Interior**

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Office of Grants Management will also update the above referenced financial assistance policy and emphasize the requirement to document the rationale for award decisions, particularly, when the award decision is a deviation from the review panel's recommendations.

**Responsible Official:** Director, Office of Grants Management and Development


**Target Dates:** September 30, 2022- issue Policy Advisory Notice; September 30, 2023- update existing policy, *Financial Assistance Application and Review Process*.

If you should have any questions or need additional information, please contact the PFM AM team at [DOI\\_PFM\\_AM@ios.doi.gov](mailto:DOI_PFM_AM@ios.doi.gov).

Sincerely,

**JOAN  
MOONEY**

Joan M. Mooney  
Principal Deputy Assistant Secretary  
Exercising the Delegated Authority of the Assistant  
Secretary for Policy, Management and Budget

 Digitally signed by JOAN  
MOONEY  
Date: 2022.08.04 17:03:13  
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## Text of Appendix II: Comments from the Department of the Interior

United States Department of the Interior  
OFFICE OF THE SECRETARY  
Washington, DC 20240

Cardell Johnson  
Acting Director, Natural Resources and Environment  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

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Responsible Official: Assistant Director, Wildlife and Sport Fish  
Restoration

Target Date: October 31, 2022

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Responsible Official: Director, Office of Grants Management and Development.

Target Dates: September 30, 2022 – issue Policy Advisory Notice; September 30, 2023 – update existing policy, Financial Assistance Application and Review Process.

If you should have any questions or need additional information, please contact the PFM AM team at [DOI\\_PFM\\_AM@ios.doi.gov](mailto:DOI_PFM_AM@ios.doi.gov).

Sincerely,  
Joan M. Mooney  
Principal Deputy Assistant Secretary  
Exercising the Delegated Authority of the Assistant  
Secretary for Policy, Management and Budget

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## Appendix III: GAO Contact and Staff Acknowledgments

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### GAO Contact

Cardell D. Johnson at (202) 512-3841 or [johnsoncd1@gao.gov](mailto:johnsoncd1@gao.gov)

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### Staff Acknowledgments

In addition to the contact named above, Elizabeth Erdmann (Assistant Director), Anthony C. Fernandez (Analyst-in-Charge), and Lena Nour made key contributions to this report. Additional contributions were made by Mark Braza, Thomas M. James, Gwen Kirby, Patricia Moye, Sara Sullivan, and Evonne Tang.

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