

THE GRANTS OVERSIGHT AND NEW EFFICIENCY (GONE) ACT OF 2016 AND EDUCATION'S GRANT CLOSEOUT PROCESS

The goal of the *Grants Oversight and New Efficiency (GONE) Act of 2016* (Pub. L. No. 114-117) was to close out grants and cooperative agreements that are in manual closeout with zero dollars and undisbursed balances and whose period of performance has exceeded two years.

Starting with an October 3, 2016, baseline of 8,948 grants and cooperative agreements totaling approximately \$2 billion in various statuses of the closeout process, the Department succeeded in closing out 100 percent of the required grants and cooperative agreements during FY 2018. As of September 30, 2020, the Department had 384 grants and cooperative agreements totaling approximately \$62.8 million in various statuses of the closeout process. See Table 15 below.

In FY 2020, the Department's Office of Inspector General (OIG) performed a risk assessment of the Department's grant closeout process and issued their results via memorandum. They identified risks with the reliability of grant data and related GONE Act reporting, as well as the Department's grant closeout policies and procedures, including a policy allowing older grants to be closed in compliance without required reports being provided by the grantee. In addition, the OIG found that both the volume of expired grants and amount of undisbursed grant funds significantly increased between the date of initial GONE Act reporting (September 30, 2017) and January 30, 2020, indicating that grant closeout is less of a focus now that GONE Act reporting is over. The memorandum is available at <https://www2.ed.gov/about/offices/list/oig/auditreports/fy2020/s19u0002.pdf>.

Overall, the Office of Finance and Operations (OFO) agreed with the OIG assessment and noted its intention to move forward with grant policy deliberation consistent with the results of the assessment. Approved in July 2020, the Handbook for the Discretionary Grants Process (Handbook) includes policy requiring program officials to provide to the Deputy Assistant Secretary of the Office of Acquisition and Grants Administration (OAGA) a report on the status of Federal grants or cooperative agreements in the Department's grant management system, G5, that have been in manual closeout status for two years or more. The report will include a narrative of the challenges leading to delays in grant and cooperative agreement award closeout and the planned corrective action to address these challenges. OAGA is now receiving reports from the program officials and will monitor progress on the proposed corrective actions.

During the summer of 2020, OAGA offered a financial monitoring curriculum for formula and discretionary grants aligned with the *Standards for Financial Management in 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, addressing cash management and drawdown activity of grantees' utilization of funds consistent with an approved scope of work aimed at reducing issues associated with grant closeouts. The content of the sessions include the Handbook policy referencing grants and cooperative agreements in manual closeout status for two years or more and the submission of reporting with corrective actions to the Deputy Assistant Secretary of OAGA.

Table 15

Category	2–3 Years	3–5 Years	> 5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	48	-	-
Number of Grants/Cooperative Agreements with Undisbursed Dollar Balances	336	-	-
Total Amount of Undisbursed Balances	\$62,838,768	-	-

Source: G5, grants management system linked to the Department's general ledger system. Data is based on the performance end date of September 30, 2018.