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Accountability \* Integrity \* Reliability

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# **Grants Management: Enhancing Performance Accountability Provisions Could Lead to Better Results**

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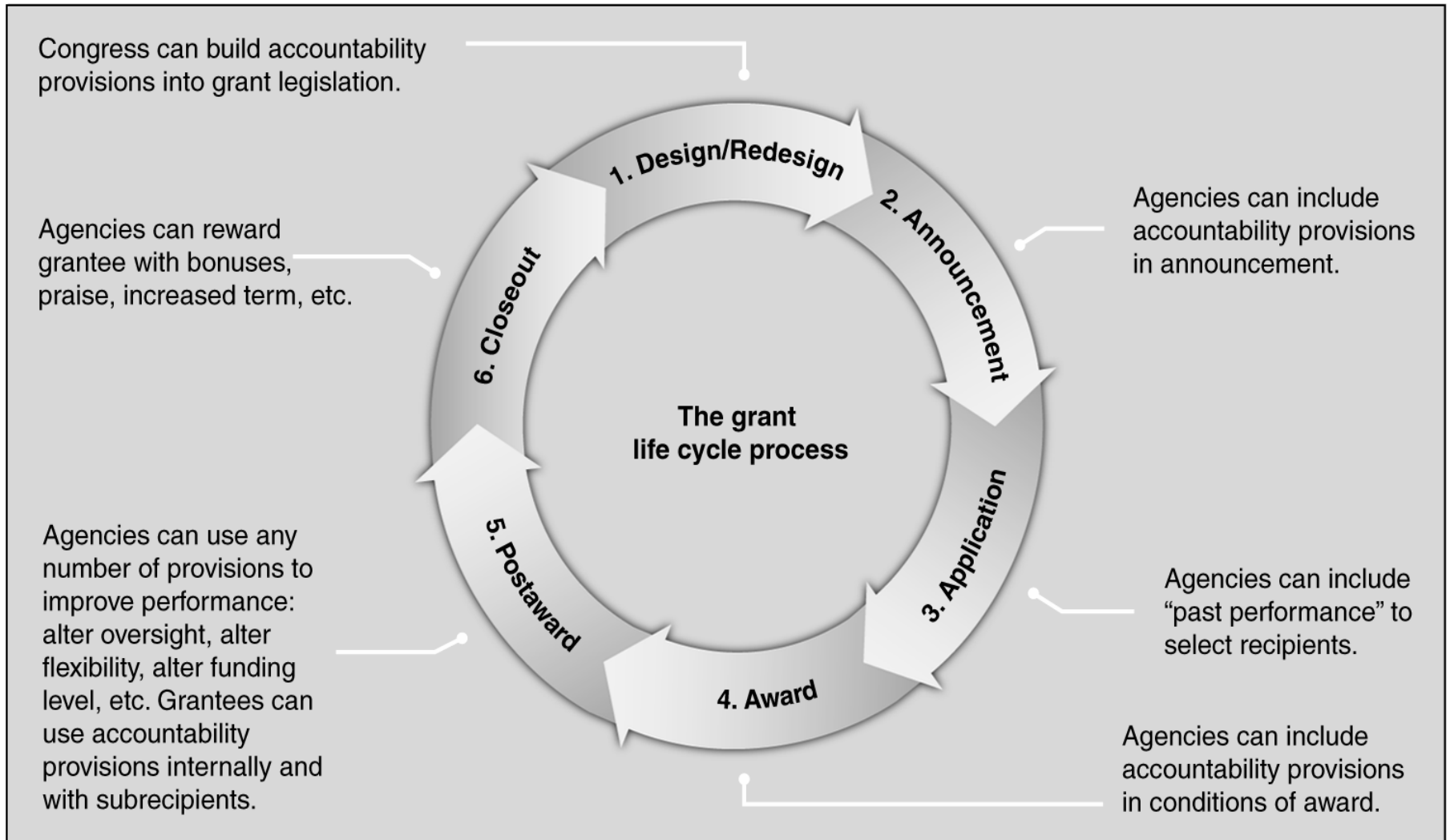
- Interest in improving performance accountability in grant programs has increased.
    - In FY 2005, federal grants constituted 20% of total federal outlays.
    - Increasing expectations for performance accountability in grants consistent with government-wide results-oriented focus.
    - Performance accountability requirements included in performance-based contracts, federal loans, and to an extent, federal grant programs.
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- What challenges exist to performance accountability in federal grants?
  - What mechanisms are being used to improve grant performance?
  - What strategies could encourage the use of these mechanisms?
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- Design challenges
    - Performance-oriented objectives and fiscally-oriented objectives
    - Operate as a distinct program or funding stream
    - Supports a limited or diverse array of objectives
  
  - Implementation challenges
    - Lack of consensus on goals and performance measures
    - Reliance on performance data from third parties
    - Onerous and inconsistent grant administration processes and requirements
    - Prohibition of performance information collection
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- Accountability mechanisms: specific actions that are meant to encourage performance improvement—such as rewards given or penalties imposed—when performance exceeds or fails to meet specified levels.
  - Examples of accountability mechanisms:
    - Praise
    - Financial bonus
    - Increase or decrease in flexibility
    - Use of past performance
    - Reperformance
    - Financial penalty
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## Mechanisms Can Be Used By Various Actors Throughout Grant Process



Source: GAO.

- Five key strategies that can facilitate effective design and implementation:
    1. Ensure mechanism is of sufficient value
    2. Periodically renegotiate and revise mechanisms and measures
    3. Ensure appropriate measurement selection
    4. Ensure grantor and grantee have technical capacity
    5. Ensure phased implementation
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- Opportunities to enhance performance accountability in grants
    - Allow for performance accountability mechanisms in legislation
    - Use evaluations and demonstration projects to learn more about what works
    - Share good practices and lessons learned
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