

Significant Changes to Federal Grantmaking Policies

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This article was recently featured in [Accounting Today](#).

The current administration's focus on decreasing government spending reached another milestone on August 7 when President Trump signed *Improving Oversight of Federal Grantmaking* to strengthen government oversight of its federal grants process. This Executive Order (EO) aims to strengthen accountability over the spending of taxpayer funds through improved oversight and coordination of grantmaking, ensure federal grants are used strictly to advance U.S. interests and security and prevent funding for activities deemed improper, including those with ideological, foreign or politically contentious agendas.

The programs that receive discretionary grants or awards as defined in 2 Code of Federal Regulations (CFR) 200.1 are covered under the EO. It does not include programs where legislation establishes an entitlement to the funds on the part of the recipient (such as block grants), those awarded based on a statutory formula or disaster recovery grants.

The EO took effect immediately on signing, with stipulated target dates for certain identified federal agency action items. It applies to new and pending grant applications unless they were already awarded. For more information, [read the full EO here](#).

What You Need to Know About the Changes

Per the EO, each awarding federal agency must appoint a senior staff member to oversee the design of an enhanced due diligence process before awarding grants, including:

- Determining that discretionary federal awards will not be used to subsidize or facilitate projects or purposes that promote anti-American values or public safety.
- Ensuring that grants are awarded to a broad range of potential recipients, not just the same repeat organizations.
- Verifying that funded projects demonstrably advance the administration's policy priorities.
- Tracking funding announcements through interagency coordination to ensure that funding for specific projects already addressed by one federal agency is not duplicated by another agency.
- Identifying high-risk grant recipients or program types across all agencies.

The Office of Management and Budget (OMB) will oversee revisions to the Uniform Guidance and other relevant guidelines to:

- Streamline application requirements and require all discretionary grants to permit early termination if they are not used under the new restrictions in place.
- Review discretionary grants to limit their use for costs related to facilities and administration.
- Require periodic audits.
- Track how the grants are actually used.
- Limit the amount of federal grant awards used to cover administrative costs.

Stay Informed

This EO could have future federal funding implications for certain not-for-profit organizations. The PKF O'Connor Davies Not-for-Profit Services team will update you on additional developments, including changes to OMB's Uniform Guidance, that can impact your revenue streams and operations.

Contact Us

To learn more about the provisions of this EO and how we may be of assistance to your organization, please contact:

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