

HOW TO ENSURE ORGANIZATIONAL SUCCESS IN MANAGING FEDERAL GRANTS

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Disclaimer

This presentation is for educational purposes only. Nothing in this presentation constitutes legal or accounting advice. RBW Strategy provides counsel as a subject matter expert in federal grants compliance. RBW Strategy recommends additional federal grants management internal controls documentation policies and procedures be reviewed by legal and accounting counsel for final assurance. Grant compliance may involve complex tax law or other legal questions you should review with your own legal counsel. Nothing in this communication or presentation is intended to create, or imply creation of, an attorney-client relationship.



Rachel Werner, MPA, GPC, PMP

Rachel Werner is the Owner and CEO of RBW Strategy, LLC. She and her team provide customized grants lifecycle support and solutions to clients primarily in the Greater Washington, DC and Maryland region. She has over 20 years of grants experience. She is also a source matter expert partner for MyFedTrainer, a leading national federal grants compliance training firm.



Rachel and her team members have collectively garnered over **\$240 million** for nonprofits and have managed **over \$2.5 billion** in grant funding. She is an active member of the Grant Professionals Association and is a Certified Grants Professional (since 2014) and a Project Management Professional (since 2010).



Introductions (In Chat Box)

1

Name

2

Title

3

Experience with grants management

HOUSEKEEPING

- If you have a question, please share that in the Chat box and we will answer them at the end of that presentation section, and at the end of the presentation.
- Please make sure that your question can apply to others' experiences.
- This conversation is kept to the group participating, and RBW Strategy will keep this confidential.

LET 'S GET STARTED



Session Objectives

- 1 | Overview of the grant funding lifecycle and § 2 CFR 200 (OMB's Uniform Grant Guidance)
- 2 | Grant administration components
- 3 | Collaboration activities best practices
- 4 | Q & A Session



Part 1: Overview of the Grant Funding Lifecycle and § 2 CFR 200

- 1 | Why grants?
- 2 | Changes in federal grants and overview of legislation
- 3 | Recent updates to § 2 CFR 200



Why Private and Public Grants?

- ARPA, IIJA, CHIPS and other related funding is increasing the number of open opportunities
- Nonprofits trying to expand into new fundraising areas
- Steady source of income, especially for those who are grant ready
- Serve as launching pad for new ideas and capacity building



Huge Influx of Federal Grant Funding

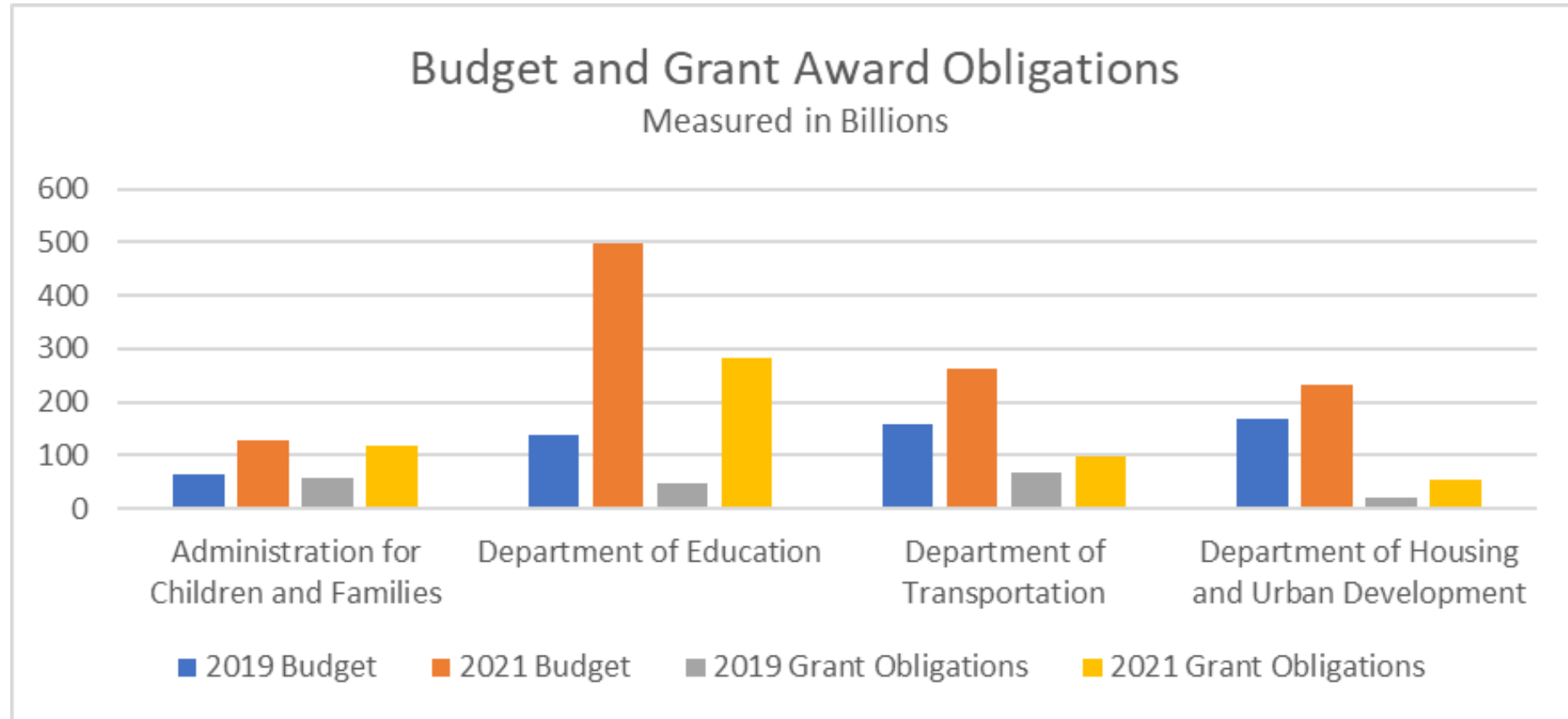


Chart information: <https://www.usaspending.gov>



Grants Lifecycle

Research and Strategic planning



- Review grantors' requirements and create prospect list
- Determine potential fit with grantors' priorities
- Alignment of potential grantors to organization's fundraising strategy, and grantors' deadlines

Application Development



- Compile financial, programmatic, and organizational data required to complete proposal
- Prepare proposal(s) in advance of deadlines and review for accuracy

Award and Project Start-up



- Grantor notifies grantee of grant through written communication (typically notice of award)
- Grantee begins to expend funds and implement grant as indicated in the proposal

Award Management and Monitoring



- Provide grantor with financial and programmatic reports, meeting attendance and/or other requirements specified in the notice of award
- Gather data to effectively evaluate success in how grant funds are expended, and ensure quality control

Project Closeout



- Expend all grant funds provided by the grantor
- Ensure alignment of actual and budgeted expenditures
- Provide final reports as requested



Why is Understanding the Grants Lifecycle Important?



Pinpoints your areas of strength and areas to improve



Determines your framework for data tracking and management



Conceptualizes the process and resources needed



Identifies where you can leverage partners



Key Personnel: Grants Administration

Cognizant Agency

- Issues notice of grant award (NGA) to successful applicants that outlines grantee and subgrantee responsibilities.
- Assign program officer and grants management specialist for each awardee.
- Provide ongoing assistance to applicants.

Recipient (or a Pass-Through Entity)

- Review and sign NGA.
- Work with personnel responsible for implementing program or project to ensure deliverables are met.
- Ensure that all programmatic and financial requirements outlined in the NGA are met (including time and effort reporting, workplan deliverables).
- Submit required financial and programmatic reports as needed.
- Communicate with cognizant agency staff as required.

Subrecipient

- Work with personnel responsible for implementing program or project to ensure deliverables are met.
- Ensure compliance on all programmatic and financial requirements outlined in the NGA.
- Submit required financial and programmatic reporting information to recipient as needed.



Purpose of § 2 CFR 200

1

[§ 2 CFR 200 \(Uniform grant guidance\)](#) serves as code of federal regulations and official guidance to administer all federal grant awards. Combines previous circulars and guidance into one document.

2

Official authorizing statute, unless specific state statutes supersede the federal award administration.

3

If you do not abide by the requirements in the statute, this could lead to non-compliance or removal of funding.



Federal Legislation Updates

Great Act -

Grant recipients will collect and transmit specific data elements in an open data format for federal agencies to make publicly available.



OPEN Act - Define open data and create minimum standards to make federal government data available.



DATA Act - The goal is to transform documents into machine-readable data. Includes standards for publishing data on USASpending.gov.



FFATA - Raising award reporting thresholders. For federal awarding agencies - report federal awards over \$10,000 and \$30,000 for subawards.



GREAT = Grant Reporting Efficiency and Assistance Transparency
DATA = Digital Accountability and Transparency Act of 2014
OPEN = Open, Public, Electronic, and Necessary
FFATA = Federal Funding and Accountability Transparency Act



Federal Legislation Updates (continued)



Update § 200.321: Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.



Update § 200.322: As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States.



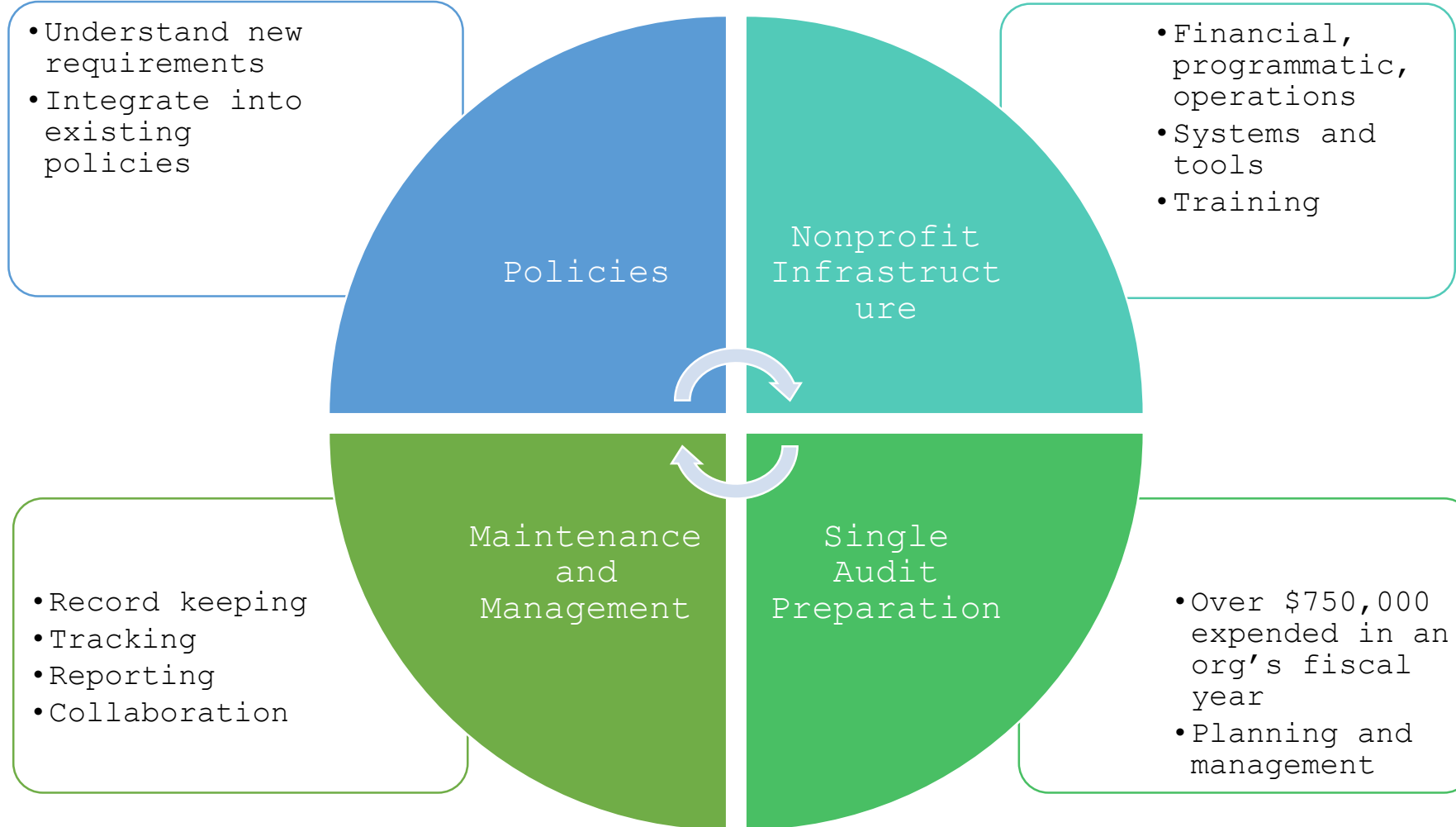


What does all this mean?

- Increased accountability and necessity for nonprofits to be more transparent with how federal funds are spent.
- Greater need for risk assessment and review before beginning new partnerships with subrecipients and contractors.
- More robust procurement requirements that focus on inclusivity and American-made products.
- Share updates with team to ensure everyone has access to the same level of detail.



Nonprofit Impacts





Part 2: Administration Components

- 1 | Roles of key personnel
- 2 | Grantee/organizational responsibilities
- 3 | Internal controls best practices



Key Personnel: Grants Administration

Financial

- Code and track all grant related expenditures.
- Maintain 10% indirect cost rate (if applicable).
- Comply with financial management requirements concerning allowable costs.
- Ensure risk mitigation by safeguarding information and having robust internal controls and accountability.
- Adhere to all financial reporting requirements.
- Approved grant budget will include all these pieces.
- Ensure transactions are within the approved budget.
- Request budget amendments as needed.

Programmatic

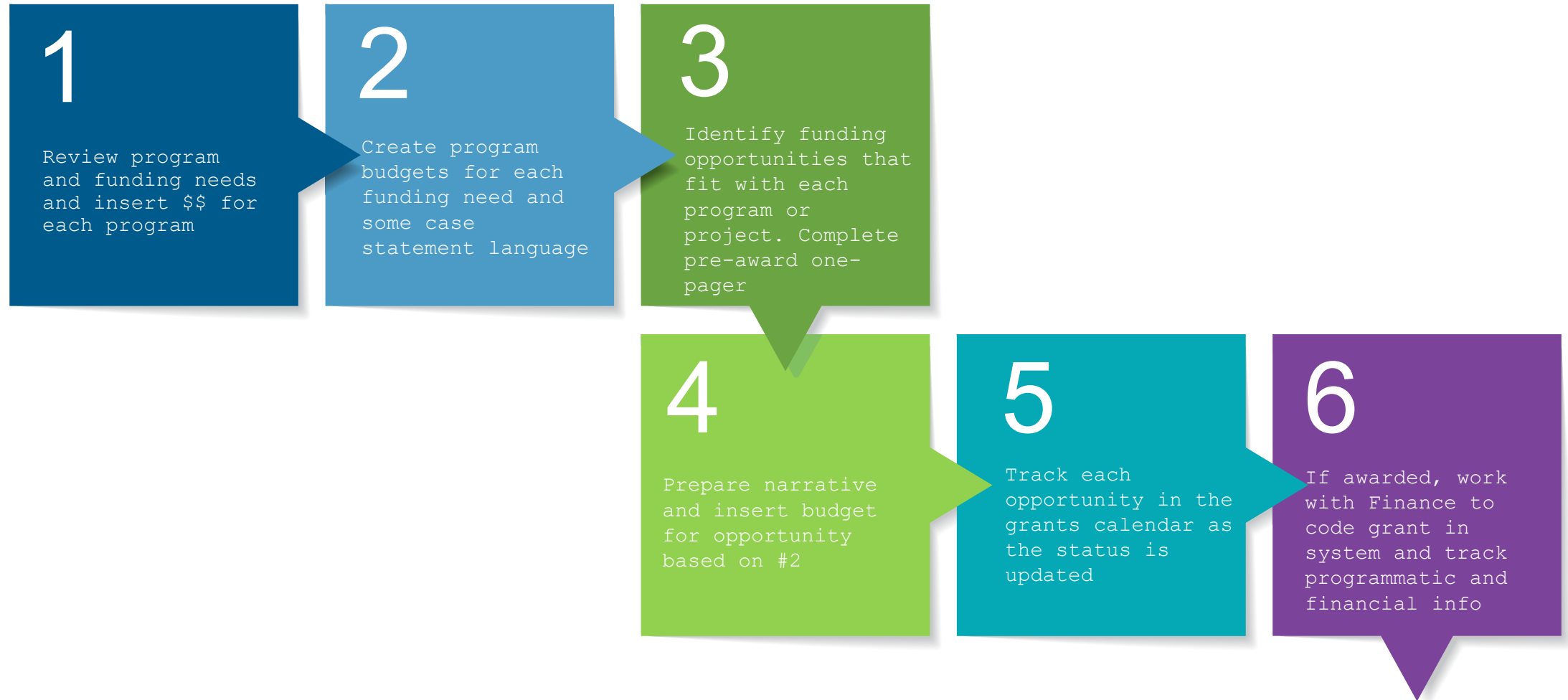
- Meet targets outlined in approved applications.
- Keep information for reporting purposes.
- Provide documentation to Evaluation Lead (if required).
- If key personnel assigned to support grant, keep track of time using time and effort documentation by Finance.
- Review budget to ensure purchases are approved by Finance.
- Adhere to all programmatic reporting requirements.

Operations

- Ensure updated internal controls related to grants management and compliance.
- Project oversight and adherence to all reporting and compliance deadlines and requirements.
- Serve as bridge between programmatic and financial team.



Flowchart – Grants Administrative Steps: Typical Awardee





Grantee/Organization Responsibilities

- Budget vs actuals for financial reports
- Progress reports
- Procurement and subrecipient and contractor monitoring
- Prior approvals if modifications in budget or program deliverables





Grantee/Organization Responsibilities



Financial Integrity

- Ensure awareness and understanding of budget and how funds should be spent.
- Coordinate with Finance on reporting and coding of funds to the award.
- Adhere to § 2 CFR 200 and organizational policies.



Grantee/Organization Responsibilities



Progress Reports

- Maintain documentation to complete reports (including from subrecipients).
- Understand how to complete reports and ask questions in advance.
- Notify cognizant agency if significant variations in performance.



Grantee/Organization Responsibilities



Time and Effort Reporting

- Ensure applicable personnel paid out of grant funding know how to complete timesheets.
- Review and authorize time reports.
- Notify cognizant agency if changes to key personnel or deviation in time report (may require budget amendment).



Grantee/Organization Responsibilities

Procurement and Subrecipients

- Establish a structured procurement framework and criteria to determine appropriate subrecipients (per § 200.331 in § 2 CFR 200).
- Do you issue Requests for Proposals for your subrecipients? Are you aware of the requirements based on the threshold limits?





Grantee/Organization Responsibilities



Prior Approval (Government Grants)

- A revised budget which exceeds a certain \$\$ threshold
- Change in scope
- Implement a new activity or a sub-award that is not specified in the most recently approved budget
- Apply for supplemental funds
- Change in key personnel
- No-cost extensions



Internal Controls Overview

Government agencies are asking for a robust internal controls policy and procedures manual that outlines how you should be a good steward of government funding. What do you have in place (and in one location) to showcase your capacity?



Internal Controls Components



Ethics

- ⑩ Report unethical behavior and fraud
- ⑩ Safeguards for employees
- ⑩ Actions arising from fraud investigations

Funding Oversight

- ⑩ Reporting structure and policies and important grant dates
- ⑩ Time and effort reporting
- ⑩ Performance reviews
- ⑩ Adherence to national policy requirements (lobbying, drug free workplaces, debarment and suspension)
- ⑩ Single audit preparation and management

Program Management

- ⑩ Code of conduct
- ⑩ Program reporting process
- ⑩ Subrecipient monitoring
- ⑩ Grant budget tracking
- ⑩ Prior approval requirements

Financial Management

- ⑩ Budget management
- ⑩ Cash management policy
- ⑩ Coding and monitoring expenses
- ⑩ FFATA alignment
- ⑩ Maintenance of effort
- ⑩ Indirect cost rate agreement
- ⑩ Travel policy
- Allowable costs policy
- ⑩ Budget special categories (program income, carryover of funding)
- ⑩ Procurement policy
- ⑩ Equipment management and retention
- ⑩ Record keeping policy



Part 3: Collaboration Activities Best Practices

1

Focus on Collaboration

2

Key Activities Across the Grant Lifecycle

3

Key Takeaways



Building a Culture of Compliance





Kickoff Meeting

- Review the Notice of Grant Award terms and conditions.
- Identify roles and responsibilities.
- Set up tracking systems to manage tasks.
- Create accounting codes specific to the award





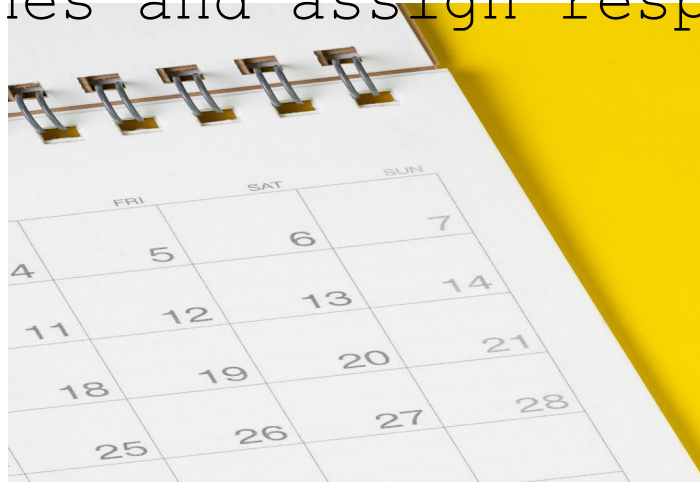
Review Grant Award Terms and Conditions

- A comparison of programmatic and financial requirements outlined in the grant award terms and conditions to your organization's current capabilities.
- Determine what resources and tools currently exist and what is needed to manage the funds adequately.
- Consider adding accounting, human resources, and/or grant management software to your organization's toolbox.
- Reach out to the funding agency with any questions or clarifications (and make updates if findings are identified).



Regularly Scheduled Meetings

- Relay budget information, accounting codes, and permissible cost guidance.
- Confirm encumbrance amounts.
- Share deadlines and all other important, cross-cutting information.
- Identify system(s) to track and manage critical deadlines and assign responsibilities.





Ongoing Support and Maintenance

- Mandatory for compliance.
- Award's success is dependent on careful tracking by all relevant staff
- Continued and additional funding requires diligence.
- Use system(s) to track and manage progress and financials.





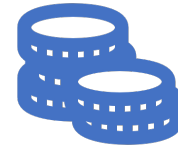
Finance: Budget vs. Actuals



Key component to financial integrity.



Comparison between the actual amount spent and projected/budgeted.



Consider notifying your funding agency if significant budget variations are realized.





Finance: Invoice Review



Ensure subrecipients are managing awarded funds properly. Invoiced costs should be allowable, allocable, and reasonable.



Review reimbursement requests against any allowable cost guidance from the funding agency.



Ensure invoices are signed by an authorized agency official.



Consider creating policies and procedures for invoice review and an allowable cost reference tool.



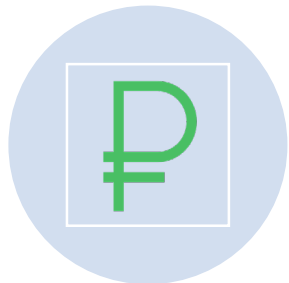
Finance: Direct vs. Indirect Costs Monitoring



Awardees are prohibited from charging an indirect cost as a direct cost.



Awardees should present costs consistently and must not include costs associated with their organization's indirect cost policy as direct.



Awardees must obtain a Negotiated Indirect Cost Rate Agreement (NICRA) to exceed the 10% de minimis rate.



Consider reviewing funding language for guidance and creating reference documents for staff and subrecipients to follow.



Programs: Progress Reports

- Progress reports document accomplishments and compliance.
- Main communication with your funding agency.
- Due dates and reporting periods should be communicated regularly between departments





Finance and Programs: Procurement and Monitoring

- Create a structured procurement and selection process, then oversee activities through completion. Reference 2 CFR 200.318 for additional information on general procurement standards.
 - Include risk assessment, pre-screening, and tracking.
- Awardees are responsible for ensuring their subrecipients and contractors comply with federal regulations and requirements.
- Consider developing a procurement policies and procedures reference tool for staff, subrecipients, and contractors to follow.
- Assessment of internal controls annually is a best practice.



Finance and Programs: Time and Effort Reporting

Activity reports are required to support salary and fringe benefit expenditures charged to federal grants.

Each report must account for the total activity for which each employee is compensated, as well as hours worked on a particular grant project.

A description of activities must be included, and the description must include enough detail to determine if the activity is project related.

Costs not adequately supported by reports are unallowable and should not be reimbursed.

Timesheets should be reviewed against the approved budget to monitor personnel changes and deviations



Finance and Programs: Site Visits



Determine measurable outcomes are being met, evaluate accomplishments, and to review financial records and documentation to align spending with federal cost principles and program regulations.



More effective if conducted in-person, but can be done virtually.



Good practice to conduct visit around halfway through grant term so deficiencies can be identified and remedied.



Consider creating a review template with performance monitoring questions and documenting grant funded equipment with pictures.



Finance and Programs: Document Maintenance

- Critical for your next audit .
- Process of capturing, tracking, and storing grant related documents.
- Includes document security, centralized storage, audit preparation, and streamlined retrieval capabilities.





Finance and Programs: Single Audit Preparation



Written document maintenance policy created and followed



Staff training on document collection and retention



Regular assessment should be incorporated





Finance and Programs: Single Audit Preparation

- Review of financial records and documentation to ensure funds are being used for the intended purpose and in compliance with federal cost principles and grant terms.
- Documentation may include timesheets and payroll records, travel logs that document mileage, invoices/receipts for costs incurred, lodging, and meals, and contractor/consultant contracts and invoices.
- Subrecipients should be subject to a minimum of one financial audit per grant agreement term.



Best Practices – Post-Award Management



1 Have an outside CPA perform a financial audit.

2 Keep grant funds in a separate account (track by date, expenditure, and line-item allocation against the approved grant budget), including personnel time and effort reporting.

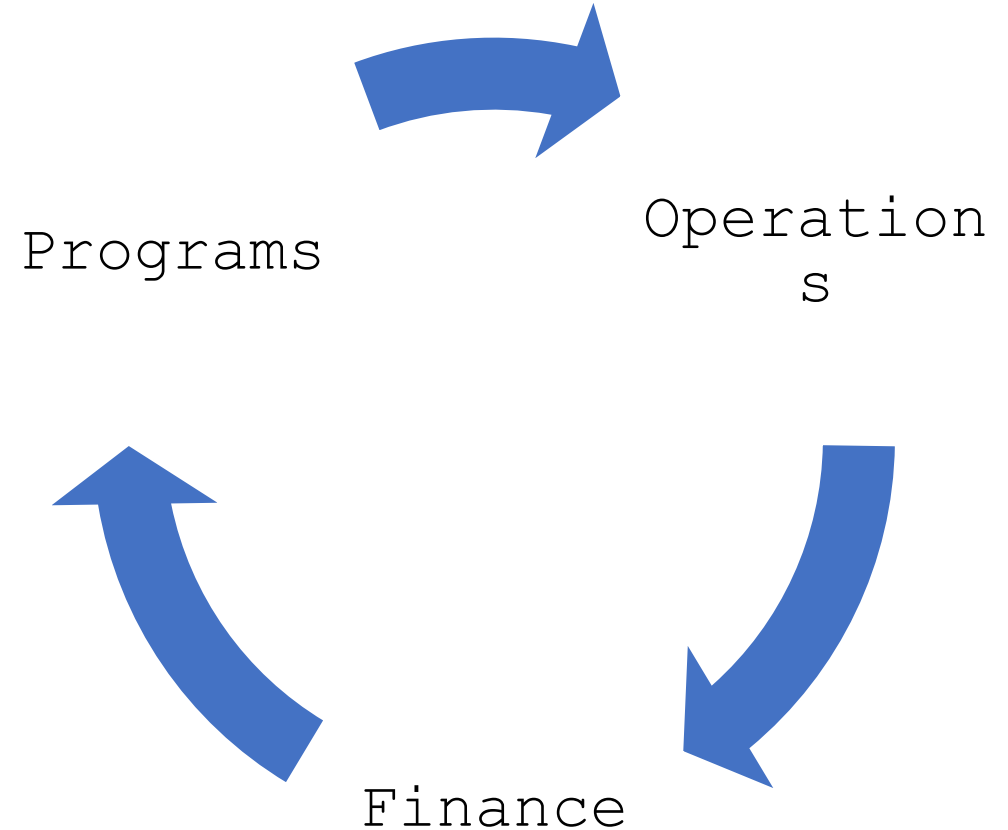
3 Submit budget grant amendments ASAP to funder. As soon as they're approved, make changes in your own grant management system.



Team Member Collaboration: Building Culture of Compliance

Working Together is Key

- Everyone's job!
- Refer to notice of grant award and award terms and conditions for guidance on retention schedule.
- Goal is to maintain documents effectively and efficiently.





Summary - Key Takeaways



Pre-Award

Ensure planning to determine program financial targets and funders to pursue that align with organizational and programmatic needs.

Pre-Award

Work with grant writer and finance director on application budgets and identifying funding requests.

Post-Award

Review the NGAs and budgets related to the programs for which you or your staff are assigned as key personnel (ask questions if they arise).

Post-Award

Track the requirements for these awards, and also build out your internal controls.

Be patient - this process takes time!



Questions



Thank you!

Contact RBW Strategy if you need consulting and/or general coaching support for your grant lifecycle (pre-award through post-award) needs.

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