



A White Paper

Grant Governance Platform

SUPPORTING GRANTS with TECHNOLOGY

B. John Masters

Alyx Technologies, Inc.
11410 Isaac Newton Sq. N., Ste 100
Reston, VA 20190
(571) 353-3201

g2pinfo@grantgovernance.com
<http://www.grantgovernance.com>

Powered by:

ALYX
TECHNOLOGIES

Introduction

Guidance by the Office of Management and Budget (OMB) indicates that organizations should take advantage of technology to support the management and compliance monitoring of grants, and improve interaction with sub-recipients.¹ It is important under the OMB's guidance to better monitor compliance, but organizations often don't have large budgets for the implementation of information technologies. With this paper, we will explore some of the possible pitfalls of technology, and help you navigate around those issues.

" Improving grant management by standardizing data elements and reducing redundancy, as called for by the recently passed DATA Act, heightens the need for more modern IT approaches to assist with traditional grant management techniques. Use of software can provide real return on investment for organizations managing grants."²

While federal grants account for approximately 6% of total gross national product (GDP), they are often distributed through several layers of Pass Through Entities (PTE) across many agencies and grant making organizations, and in the end, become much smaller grants. This means that there are many people and organizations involved in managing these grants, and at the lower levels of this tier of PTEs the grants are small; therefore each PTE agency may be managing only a few grants.

- Systems can be expensive to acquire, time-consuming to deploy, have a high total cost of ownership, and result in change management and adoption issues across an organization;
- Becomes difficult to justify and coordinate system purchases as the funds get distributed widely;
- This complicates cost allocation.

The results are:

- Organizations rely on re-purposed and disparate systems, emails, spreadsheets, and PDFs to support the process;
- Silos of distributed information;
- Difficulty in oversight by the governing authority;
- Missed deadlines and higher costs.

¹ 2 CFR § 200.

² "The Benefits of Improving Grant Management Through Technology," Michael Wood , Aug 19, 2014, <https://www.streamlinksoftware.com/mike-woods-corner/bid/185117/The-Benefits-of-Improving-Grant-Management-Through-Technology>

How to address your technology requirements for managing a multi-step, multi-faceted grant process:

- Spend time understanding your requirements and your "must haves," and develop a solution evaluation plan;
- Consider if existing solutions can be effectively re-purposed to meet your requirements;
- Consider available solution types (purpose-built, enterprise, Software as a Service, cloud-based solutions);
- Develop an implementation plan;
- Support the change-management required for the adoption of your solution.

The Grant Process: End-to-End

Every organization has a slightly different process, but for the purposes of this discussion, we'll use the following high-level tasks as our understanding of the process:



Applicant On-Boarding

- *Grantee registration*
- *Financial Assessment*
- *Risk Assessment*

During this part of the process, prospective sub-recipients submit information about

their organization, and the Agency determines their eligibility to apply for awards. This includes a review of federal databases to determine the applicants are not on the debarred or "do-not-pay" lists.

This is frequently a manual process which can include creating a screen-shot of the applicable search screens to establish that the checks were conducted. If the organization uses a "vendor on-boarding" solution as part of the procurement process, this can sometimes be re-tasked to support some of the information collection process for applicants.

Grant Creation and Publication

- *Agency creates grants*
- *Grants published*

During this process, the organization

develops the notification information for grant opportunities and publishes the information in a centralized location on the web. While this may appear to be a simple process, it frequently has extensive ad hoc work-flow requirements for review and approvals.

Once completed, these notices are pushed to the organization's website. This may involve internal IT support, and there are some purpose-built applications that can be purchased/licensed to support this part of the grant process.

Sourcing

- *Application Submission*
- *Reviewing & Scoring*

Sourcing involves the review process for the applications. This

will generally include routing the inbound proposals for reviews based on the program and projects being proposed. It may include a formalized scoring process or a process of "ranking" or prioritizing. Based on that, awards will be granted.

Our review of the market indicates that this is the process that tends to use the most manual activities, with proposals being emailed to reviewers, or possibly saved to a common file share. This is because workflows are generally highly ad hoc based on the subject matter and program, and because many PTEs do not have ready access to workflow systems, nor do they use other collaborative platforms like SharePoint.

Programmatic Risk Assessment

- *Awardee evaluation for financial and management suitability*
- *Create terms of performance*

Programmatic Risk Assessment is a critical aspect of compliance with the OMB guidance. In this

part of the process, sub-recipients are evaluated on their experience with similar projects, their management structure, and financial structure. This provides direction to the agency on any special terms and conditions on monitoring that might be necessary to ensure successful execution of the project.

The process has historically been carried out using a questionnaire submitted to the sub-recipients in Microsoft Word or PDF format and is largely a manual process. As a result, sub-recipients frequently must complete multiple assessments, even when receiving multiple awards from the same PTE. One agency or program may not be aware of, nor have access to, previously completed assessments.

Sub-recipient / Award Management

This is the part of the process which may go from a month to

- *Milestone reporting - Grant performance*
- *Agency Reports*
- *Grantee Reports*
- *Governance Dashboards*

multiple years, based on the type of project and award. Depending on the complexity of the project and the special terms and conditions, this is easily the area that presents the greatest challenges for grant managers and governance authorities as well as the sub-recipients. During this phase sub-recipients are submitting draw requests and financial information along with other required regular reports of activities related to the project. These are generally required as part of the terms and conditions of the grant award.

This is also an area that has the greatest impact on resources for the PTE, and may be one of the least automated parts of the overall process. Today, many organizations manage the process using individual calendar items and/or scheduled to-do list items coupled with emails. The submission of required reports and information is generally via email and is not tracked through the review processes.

Maintaining information on when and what is due is typically via Excel spreadsheets. Reporting is likely not compiled across a larger PTE (such as a state government or large research institution) for an overall view by the governing authority. However, this is one area of emphasis of the OMB guidance.

Despite the importance of this aspect of the grant management process, vendors are only just now

developing purpose-built applications to support this aspect of the process, and re-tasking existing enterprise solutions has proven time-consuming and costly. Any technology solution used to address this part of the process must allow for access by both

PTEs and sub-recipients in order to be successful, and it must automate at least the most fundamental parts of the process, such as reminders, notifications, and reviews.

What's available

Organizations have an array of technology solutions to assist with better managing their grants and sub-recipients. It is critical to understand your organization's requirements when evaluating potential solutions. And let's admit, cost is usually the biggest consideration. We frequently "settle" for a re-purposed solution just because of the cost. It is, however, important to establish the total cost of ownership (TCO) of the application(s). This includes on-going software maintenance, the cost of configuration and any integration, and the opportunity cost.

The opportunity costs, while difficult to calculate, can often be significant. If a re-purposed solution is complex and difficult to use, users won't take advantage of it. If it doesn't perform the job, compliance errors might make it impossible to obtain future funding. They can also make the process more expensive rather than less.

For example, the State of Illinois conducted a study on grantees receiving grants from two (2) or more social service agencies regarding two (2) required compliance activities: audit report review and on-site fiscal and administrative review. Based on the calculations, more than 350,000 labor hours for state employees (230 full time equivalents) were duplicated during one (1) fiscal year at a cost equal to or greater than \$33.7 million. They further estimated 250,000 labor hours (167 full time equivalents) were duplicated at an estimated cost of \$15 million to their grantees.

This duplication is due to a lack of coordination within compliance activities and data not catalogued or shared among state agencies. Technology, properly applied, can help overcome these issues and save the organization money. You can see how not taking advantage of appropriate technology can have a high cost.

Purpose-Built Applications

Our earlier discussion established that technology is only just now being evaluated to support the entire grant lifecycle. While some vendors claim to support the entire process (we will discuss those later in this document), this depends on how the process is defined. In our view, the market has not yet developed end-to-end solutions for PTEs to manage the entire process.

Most vendors have developed solutions that address parts of the process. These purpose-built solutions typically target key areas of the grant process and provide features that address key pain points very well. While not addressing the entire process, they can be very effective in addressing any key weak-spots, or potential areas where audit findings have been identified in the past. Additionally, they can typically be deployed quickly and at a cost that is more manageable than "end to end" solutions. Alyx Technology's Grant Governance Platform (G²P) is an example of a purpose-built application. The application is built to support the financial and programmatic risk assessments, as well as sub-recipient/award management. It automates the reminder process and the review and approval workflow processes, and it facilitates communication and collaboration between PTEs and sub-recipients.

It is cloud-based and has a unique price per award pricing model designed specifically for the unique accounting needs and financial requirements of the grants world.

The benefits of these applications are:

- Designed to a specific purpose;
- Generally lower costs;
- Faster implementation;
- Less change management and training required.

Despite the benefits of purpose-built solutions, many come with limitations and disadvantages:

- Likely address no more than one or two aspects of the overall process, so multiple applications required to support the complete process;
- While the cost for each application may be lower, the cost to assemble an complete solution may be high;
- Systems may not communicate with one another, thus not allowing data to carryover to different modules;
- Often purchased for specific program or agency use, so there may be different systems across the same organization.

Enterprise Solutions

But what about enterprise solutions? Many larger organizations have existing enterprise resource planning (ERP) systems, procurement systems, or accounting systems in place, and often vendors suggest these are capable of supporting the grants process. Generally, we find, based on the primary purpose of the enterprise solution, that such systems do better with specific aspects of the overall process, and are more "kludgy" when used to support the other aspects of the process. For example, a procurement system might work very well in supporting the applicant on-boarding process; with some customization support the grant creation and publication process; and with customization, marginally support the application review process. But such a system would likely be cumbersome and difficult to use in support the other parts of the process.

Of greater consideration is the typical cost of using such systems. The combined cost of procuring software licenses and consulting services to implement and customize these platforms can be difficult to justify for large organizations, and impossible for smaller organizations. Additionally, it is important to note that many software vendors require the purchase of additional user licenses to support outside users (sub-recipients), along with additional "modules.

Change Management is often more difficult to manage as well. This is in part driven by the significantly higher price point. Because budgets need to be higher for these solutions, more stakeholders in the organization must be brought together to justify the spend. This introduces complexity, lengthens the implementation time frame, and decreases the likelihood of missing expectations across all user groups.

The benefits of using an enterprise solution most significantly accrue only if there is already an existing system in place, and consist of the following:

- Existing support infrastructure (IT systems, helpdesk, etc.);
- Primary investment already made;
- Interfaces and functions may already be familiar to some users;

- Consolidation of information for reporting.

Some of the disadvantages of enterprise solutions include:

- Enterprise-based solutions tend to be complex with a high total cost of ownership;
- Require a heavy investment in IT infrastructure;
- Are not purpose built and require significant customization projects;
- May lack many required functions;
- Implementations that can run from months to years.

To Cloud or Not to Cloud?

Today's market is increasingly offering solutions which are available as software-as-a-service (SaaS) and hosted in a cloud-based environment. Typically, in this type of environment you may not be purchasing software licenses, but, in a sense, renting the license (although some solutions do have per-user fees). And, in some cases, you may be paying system access fees based on utilization of the system.

In the past, organizations frequently shied away from such arrangements due to security concerns, but these solutions may be hosted in environments that meet even federal regulations for hosting national security information, and a cloud-based solution has no greater likelihood of an intrusion or compromise than an internally-hosted solution.

The use of cloud-based solutions can significantly reduce start-up and operating costs, reduce start-up time, and provide IT infrastructure that might be difficult to acquire and support for smaller organizations.

How Do I Get There?

By now, you're likely wondering how you wade through all these possibilities and decide how to make the best decision about what technology to implement. There is hope, but it does require an initial investment of time.

First, whether considering using existing technology or implementing new solutions, give thought to the question of, "does your technology help or hurt?" Consider the following items to evaluate your approach:

Helps

- Maintains necessary meta-data
- Provides security
- Makes the business process ubiquitous for end-users
- Supports retention and disposition of documents
- Provides single final authority for information (authenticity)
- Can eliminate current duplication of efforts
- Can expedite processing and reporting

Hurts

- Creates data silos
- Difficult to assemble a complete record for a specific subject
- Lacks appropriate security controls
- Makes searching more difficult
- No single final authority
- Difficult to integrate within existing infrastructure
- Can create additional work



With this list of high-level considerations in mind, you can start to consider the software options for your grant-making organization. There are, of course, many different software solutions with different features, benefits, and price points, but first you need to develop an understanding of your organization's processes, people, and needs in order to align whatever platform you select with these requirements.

It is also critical to engage the various constituencies early on, but most especially management. Demonstrate your commitment to engaging everyone who may interact with the solution, and that your evaluation will be as objective as possible. If everyone is on board in the beginning, you can prevent problems that may arise if a key player feels their voice hasn't been heard when researching and selecting your proposed solution.

It is certainly appropriate to reach out to other organizations to see what software they are using and how well it does or doesn't meet their needs, but keep in mind that while most grant-making organizations have similar processes, each is unique, and it is important for you to develop the specific requirements for your organization.

You need to reach out to everyone you interact with in the process. This includes applicants, sub-recipients, reviewers, auditors and governance authority to gather recommendations or needs they might have. This may also be an opportune time to reconsider your existing processes and examine how technology might enable you to improve on those processes. As the old saying goes, "don't pave the cow paths."

As with many business IT applications, software improvements can provide efficiencies that streamline workflow and reduce time spent on routine tasks. All of these benefits from modernizing grants management can result in an improved focus on constituents.³

If your organization has enterprise accounting and resource tools, a first reaction by management is often to assume that re-purposing these applications is the best solution. In some cases, it may be true, but despite the fact the systems are "in-place," it may not be the most effective approach. It will be critical to consider the total time required to create the application specifications, engage with a solutions integrator or the software company, make the required modifications and test the system. Additional user licenses and components may also be necessary. This can be expensive and a months-long process.

In the interim, you may be trying to respond to audit findings, and take the steps to address those. Purpose-built solutions can address specific areas such as sub-recipient compliance, reporting, and risk assessment, and can be implemented in days or weeks without the on-going overhead.

Organizations can use a hybrid approach of start with purpose-built applications to address the most pressing needs, while taking the time to properly plan for, specify, budget, and implement an end-to-end solution.

Summary

In addition to better visibility, many grants programs are striving for greater efficiency in managing grants throughout the life cycle. The pre-award process, for example, can generate a lot of documentation that is difficult to organize and track. Traditional approaches to managing this process often involve extensive paper files, spreadsheets, or inefficient stove-piped systems with no integration. There is no centralized repository for grant-related documentation, making collaboration and sharing difficult, and leading to inefficient business processes.

³ Ibid, Wood

Streamlining grants management processes requires modern technology and standardized procedures that can drive increased accountability and transparency.

- Engage all your constituent groups early on;
- Determine if your existing technology platforms help or hurt you process;
- Determine if technology systems can facilitate process improvements, collaboration and communication;
- Establish a set of requirements and their importance to achieving your goals;
- Determine if your organizational needs and expectations allow you to consider enterprise solutions, purpose-built applications, or cloud-based SaaS offerings;
- Be sure to account not only for the initial purchase costs, but implementation costs, and on-going maintenance costs.

An investment of energy early in the process will help you have a more successful implementation.

Our G²P, a purpose-built cloud-hosted solution, offers a near zero cost of entry, rapid deployment, collaborative and automated functions to improve engagement between your organization and your sub-recipients/grantees. We address a number of the critical aspects of the grant process, and most important, we provide real-time reporting and dashboards so that grantors and grantees alike can know their compliance status.

About Alyx Technologies

Alyx Technologies developed Grants Governance Platform, G2P, which addresses the requirements of OMB Guidance 2 CFR §200 and provides users with a configurable and easy-to-use Programmatic Risk Assessment and Award Governance module. Standard user dashboards provide a unified compliance view of grants across the entire portfolio. For more information, please visit: www.grantgovernance.com.

Alyx Technologies is a SaaS solutions and services company. We draw upon 35 years of industry and software development expertise to deliver solutions to help our clients rapidly gain efficiency, minimize risk and ensure compliance. Our highly targeted SaaS solutions are designed to be easy; easy to deploy, adopt, buy and protect. And of course, it's your data, so it is always portable and in your control.

For more information, please visit our web site or drop us a line:

<http://www.grantgovernance.com>

g2pinfo@grantgovernance.com

Powered by:

