



Managing Grants in the Government Sector

That “free” money comes at a cost



Managing Grants in the Government Sector

That “free” money comes at a cost

Introduction

With the increase in federal regulatory requirements, states are struggling to fund the associated costs.

For example, the Medicaid Electronic Health Record (EHR) Incentive Program provides incentive payments for certain Medicaid health care providers to adopt and use EHR technology in ways that can positively affect patient care. States have been directed to develop programs to administer the Medicaid payment incentives. States will qualify for 90 percent Medicaid Federal financial participation (FFP) for the programs. Failure to meet these requirements may result in a substantial loss of federal funding as well as potential penalties if deadlines are not met. Even with the FFP, funding sources for the remaining balance must be obtained. In addition to juggling budget reallocations, grants can be obtained to cover the state’s funding obligations for the programs.

The problem

While grants may inject needed funding to implement a new program or initiative, grants do come at a cost, both financially and in resources of time and personnel. It is important to understand the requirements involved before determining whether obtaining a grant award will be the best, and most cost effective, solution to a funding need.

The Hidden Costs

Consideration needs to be given to the costs of managing a grant award when deciding whether the net benefit of obtaining a grant is worth the time and effort that will be required and whether the resources are available to manage a grant award. Federal grants, in particular, have many requirements that can seem overwhelming or burdensome to the first-time grant seeker. Some of the hidden costs include:

1. Grant Proposal

About netlogx:



Founded in 1998, netlogx is an Information Risk Management company that specializes in working with our customers and consultants to solve complex business problems.

We provide Project, Security and Information Management services and products that enable our customers to get “Better, Faster, Cheaper” and thrive by effective and efficient Risk Management.



A comprehensive, well-written and well-presented grant proposal can take many hours to prepare. Depending upon the complexity of the project, a federal grant proposal can range on average from 40 to 200 hours. Unless you have the time and writing skills, you may need to retain a consultant to prepare the proposal. This is a cost that is expended without a guaranteed return on investment but which can increase the likelihood of receiving a grant award.

2. Contractual

At some point, contracts will be needed for vendors or sub-recipients. It may be necessary to retain an attorney to prepare or review contracts associated with a grant.

3. Reporting

Federal reporting requirements are extensive and can include:

- Projected quarterly report
- Quarterly progress reports
- Bi-annual progress reports
- Tracking program progress reports
- Strategic Operating Plan Updates
- Quarterly ARRA 1512 Reports
- Quarterly Federal Financial Report (FFR) Cash Transaction Report
- Annual Federal Financial Report SF-425

If there are sub-awards involved, you will be required to obtain metrics and other information from the sub-recipients to complete the federal reports.

State reporting requirements can include:

- Annual audit verification to the state's Board of Account
- Annual reports to the state's division that oversees business corporations

4. Financial

Checks will need to be written, funds drawn down, tax returns prepared and financial records maintained. Annual audits of the prime recipient's records will be required by the recipient's internal auditor. Additionally, the federal Office of Grants Management may conduct on-site or desk audits. If the prime recipient has made sub-awards, the prime recipient will be required to conduct audits of the sub-recipient.

5. Match Requirements

To increase the likelihood of a successful outcome, federal grants typically require some portion of matching funds to be provided by the grant recipient. The percentage amount required is based on the entire Federal award amount, which may include both direct and indirect costs.

6. Quasi-Government Entities

In addition to the other items outlined above, there are additional steps and costs required should a quasi-government entity be formed to manage a program or initiative. These include:



- Registering with the state business entity and filing annual reports
- Obtaining federal Tax ID Number
 - If nonprofit:
 - Obtain federal Tax Exempt Status
 - File for State nonprofit sales tax exemption
- Registering with Dun & Bradstreet
- Opening a bank account
- Retain accountant, internal auditor and legal counsel
- Obtain Business Owners and Directors & Officers insurance policies
- Establish governance process
 - Draft Policies and Communication Plan
 - Form a Board of Directors and possible Executive Committee and Councils
 - Hold regular board meetings which require preparation of an agenda, presentation and minutes

The Solution

So now that you know what you're getting into and you've decided to apply for a grant, or already have been approved for a grant, it's time to think about the next steps. Developing a grant management plan that includes designation of a grant coordinator who is knowledgeable about the extensive federal reporting requirements and reporting systems can ease the burdens of managing a federal grant. In addition to managing the reporting requirements and keeping the files organized, the grant coordinator can assist the project lead in other ways such as taking meeting minutes and maintaining detailed and rolling budgets to facilitate spend tracking and reporting.

netlogx services

netlogx will be delighted to offer grant management services to any organization, big or small, that would like to take advantage of it.