

Measuring Grant Performance and Accountability in the Era of COVID-19

July 2020



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Executive Summary

The Coronavirus Aid, Relief and Economic Security (CARES) Act provided over \$2 trillion in federal stimulus funds to combat the COVID-19 crisis. The relief package included direct aid to state and local government through the Coronavirus Relief Fund as well as \$340 billion in emergency funds that many state and local government entities can access through government grant programs.



This funding is designed to deliver a range of relief during and well after COVID-19, including vital equipment, services and loans to businesses across the nation. Of special note is the grant funding through programs managed by multiple federal agencies that will benefit a diverse set of recipients and programs.

The **Department of Treasury** has already distributed 99.6 percent of the \$150 billion Coronavirus Relief Fund for state and local governments (approximately \$149,463,000,000).

Department
of Treasury
Coronavirus
Relief Fund:

\$150 B



99.6%

Distributed package
for state and local
governments

Executive Summary

With 96 percent of local governments anticipating revenue declines and states expecting budget shortfalls of \$650 billion over three years, grants have never been a more important source of funding. At the same time, governments must pay special attention to how they manage, use and track their grant funds. The urgency of the current economic crisis may lead to the tendency to react now and figure it out later. However, now is the best time to ensure your grant governance processes and procedures are in place to ensure success in a post-pandemic era.

Do you currently have a process in place to help you monitor grant performance in the short AND long term? From six months and onward? This is especially important as the last thing you want is audit findings or discovering that your agency did not take sufficient actions to prevent fraud, waste and abuse of assistance funds. Not to mention Congress recently authorized \$80 million alone to go to the **Pandemic Response Accountability Committee**: an oversight committee to ensure transparency and oversight of appropriated funds.

However, our goal is not to add further stress or pressure on top of everything you have to navigate. For grant managers, this guide is simply a review of what already exists. Use this resource as a reminder to go back and look over your existing policies and procedures to make sure they remain in alignment with federal guidance and compliance in governing and managing federal funds. Informed by grants experts from eCivis and Grant Thornton, this guide will help you review the most important terminology and steps to take to keep your grant performance and reporting in compliance during and well after the pandemic.



By reading this guide, you'll review:

- Important Uniform Guidance terms and definitions to help reduce confusion
- How to prioritize grant performance and outcomes
- Three actionable steps to take to ensure utmost performance and accountability:

Step 1: Establish that you have statutory authority to spend new federal funds

Step 2: Separate federal from general funds

Step 3: Ensure necessary cost accounting structure is in place

- How eCivis and Grant Thornton can help

Uniform Guidance

A Review of Important Terms and Definitions

In this section, we'll review some important terms that every grant professional should be aware of. For example, **grantors vs. grantee** may run the risk of over-simplifying the various entities each can represent. To reduce confusion and complexity, consult this section so that when you're writing your grants applications or reviewing, you won't waste time having to double check any terminology.

Federal awarding agency

According to **Uniform Guidance 200.37**, a federal awarding agency is *"the federal agency that provides a federal award directly to a non-federal entity."* An obvious example of this would be the Federal Emergency Management Agency (FEMA) providing funding to states to address COVID-19.

Recipient

According to **Uniform Guidance 200.86**, *"Recipient means a non-federal entity that receives a federal award directly from a federal awarding agency to carry out an activity under a federal program."* An example of this would be states that can apply for and become recipients for funding from the Department of Health and Human Services (HHS) to combat the spread of coronavirus in their communities.

Subrecipient

According to **Uniform Guidance 200.93**, a subrecipient is a *"non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program."* This does not include any beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

Pass-through entity

According to **Uniform Guidance 200.74**, this is a *"non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program."* For example, states receiving federal funding to disburse to local governments and jurisdictions are considered "pass-throughs." Local governments can also be pass-through entities if they are further distributing funding to nonprofits and other communities.

Subaward

According to **Uniform Guidance 200.92**, a subaward is *"an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity."* This does not include payments to a contractor or payments to an individual beneficiary of a federal program. However, a subaward can be provided through a legal agreement, such as one that the pass-through entity considers a contract.

Contract

Uniform 200.22 Guidance defines contract as *"a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award."*

Contractor

According to **Uniform Guidance 200.23**, contractor is *"an entity that receives a contract as defined in 200.22."*



Doubling Down on Performance and Outcomes

The CARES Act emphasizes goals and metrics in promoting transparency and accountability. That's why it's important that your program and financial reports reflect these goals in an easy-to-read manner. Ideally, your program reports should demonstrate a comparison of the actual project results with stated goals and objectives.

To support your grants implementation, take the time to brush up on the [Grant Reporting Efficiency and Agreements Transparency \(GREAT\) Act of 2019](#). This legislation provides guidance for decision makers and awarding agencies in regards to recipient performance while promoting that recipients spend less time on the administrative burden of reporting and more time on service delivery. It's a good idea to review the original [goals of the Act](#) to improve grant transparency and accountability with better data. Those goals include:



Reducing compliance costs for recipient reporting with improved automation and innovative technologies



Improving efficiency of reporting requirements for government, businesses and nonprofits



Enhancing grants management with comprehensive data on activities funded with taxpayer dollars



Encouraging the development of new technologies to drive efficiencies. Governments can apply CARES Act funding to new investments in technology, especially if they are essential to mission-critical services.

Additionally, keep this link to [Uniform Guidance](#) handy so that you can go back and review it at any time to ensure policies and procedures are in alignment to support the implementation of CARES Act funding.



Step 1: Establish Statutory Authority to Spend Funds

With all reporting-based activities, the first critical step is ensuring you have the legal authorization to receive and spend CARES Act funds.



From a policy perspective, this means having the statutory authority in place and available. Having regulations and internal operating procedures established prior to receiving grants is important for setting clear expectations. Legal authorization and policies serve as guidelines for ensuring that new grant programs include the necessary provisions for holding awarding agencies and recipients accountable for funds that are properly used and perform well.

Here's what you want to consider at the state level. From a state budget and accounting perspective: Do you have the statutory authority or legislative appropriation that authorizes the spending of those funds?

At the county or city level, you need to consider: Has your agency or department authorized appropriation within the budget to spend new federal funds?

If you don't have the legal authority built in from the beginning, you may need supplemental appropriation from the state legislature, if contingent provisions are not already included in your annual appropriation act. Supplemental appropriations provide additional budget authority in cases where the need for funds is too urgent to be postponed until a normal appropriations bill is enacted. With the urgency of the pandemic today, you may need to seek an expedited supplemental appropriation or emergency appropriation to speed the process of receiving and/or disbursing funds.



Step 2: Separate Federal from General Funds

In this stage, your agency or department's accountant would need to confirm the chart of accounts are structured to eliminate the commingling of federal funds with general funds in accordance with generally accepted accounting principles (GAAP).

For those who are less familiar with the world of accounting, a chart of accounts is a created list of accounts to define each class of items for which funds are spent or received.

To quickly review, GAAP is a combination of authoritative standards and generally accepted ways of recording and reporting accounting information designed to improve clarity, consistency, and comparability in how financial information is communicated.

The complication here can be when the chart of accounts is spread across various spreadsheets and different systems. As COVID-19 has taught us, streamlining important documentation and processes in virtualized ecosystems is necessary to maintain performance and efficiency in government service delivery.

Ideally, you want a unified grants and accounting system where you can track grants and financial data all in one place. Double check all records to ensure they're up to date including:



Compliance reports



Financial data



Recent budget



Evaluation data (in progress or completed)



Step 3: Ensure Necessary Cost Accounting Structure Is In Place

For step three, it's essential to ensure your cost accounting structure is established.

Again this depends on which grant funds you are using. CRF can only be used for salaries not in existing budget (Overtime, and first responders).



Salaries*



Operating expenses (these are usually captured through indirect costs. However, the CARES Act does allow for many operating expenses to provide economic relief)



Equipment



1. Spending that is related to recently passed Congressional legislation



2. Re-allocation of funds that you've been previously awarded for other projects

In determining which new grants you'll need and which funds you can reallocate, you will want to review and

update your cost allocation plan. This is especially important because under the CARES Act, governments can continue using existing indirect cost rates. Governments can breathe a little sigh of relief as this takes the pressure off having to negotiate a new indirect cost rate for the coming year.

Because every dollar at this time counts, you will want to put in place a system or methodology that can capture expenditure data to support cost allocation plans and indirect cost rates on an ongoing basis. Otherwise, it will be difficult to understand how much you've already spent in order to execute your emergency grant programs.

* type of salaries covered depends on the stream of CARES Act funding

How eCivis and Grant Thornton Can Help

Together, eCivis and Grant Thornton are partnering to bring governments an all-in-one offering to help address these questions and improve pandemic and post-pandemic response, performance and oversight.



Leader in grants management services and enterprise grants software

Global professional services firm

Turnkey solution that centralizes grants management and communications

Implementation, advisory, and audit services

Grants management expertise and services

Compliance monitoring expertise for fraud detection and mitigation

Integrated platform that creates standard, unified process to deliver funding

Fit gap analysis for the solution that fits your programmatic and policy needs

Reduce audit findings with built-in compliance

Reduce audit findings with technical know-how of Federal Uniform Guidance

Conclusion

Going forward, grant managers will want to stay on top of federal guidance emerging on a weekly and even daily basis. If you're not doing so already, you'll want to develop a methodical way to incorporate the routine tracking of guidance. One place to start is keeping tabs on the Department of Treasury's FAQs recently released.

As governments continue to navigate these unprecedented times, it's important to keep in sight the long-term goals and post-pandemic strategies. We hope this review of how you can enhance grant performance to ensure accountability and transparency will be helpful in putting those needed grant dollars to full, effective use.

To summarize, these three steps can help you prepare for the short and long-term:

Step 1: Establish statutory authority to spend new federal funds

Step 2: Separate federal funds from general funds

Step 3: Ensure necessary cost accounting structure is established

If you're ready to improve your grant performance, management, transparency and accountability, connect with us at moreinfo@ecivis.com to see how eCivis and Grant Thornton can help.

