Enterprise Business Process and Data Modeling for the Roadmap for Financial and Administrative Policies, Processes, Systems and Data

State of Washington

Sponsored by:
- Department of General Administration
- Department of Information Services
- Department of Personnel
- Office of Financial Management

Grant Management Value Proposition
Version 1.0

May 9, 2006
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1 Document Overview

1.1 Related Documents
This document is a consolidated view of the following deliverables:

- The current state (as-is) model for grant management;
- Documentation of current agency-unique variances for grant management;
- The recommended (could-be) common process model for grant management;
- High-level data models for the recommended common process model for grant management;
- Policy, process and system recommendations to support the recommended common process model for grant management; and
- The business case and value proposition (including key performance indicators) for grant management.

This document should be used in conjunction with the following documents:

- Enterprise Business Process and Data Modeling for the Roadmap Project Charter;
- Enterprise Business Process and Data Modeling for the Roadmap Communication Plan; and

1.2 Approvals
This document requires review and approval. This document was approved by:

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<th>Name</th>
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<tr>
<td>Kathy Rosmond</td>
<td>OFM</td>
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1.3 Summary of Changes
This section records the history of changes to this document. Only the most significant changes are described here.

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<td>C. Connors</td>
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<td>01/01/06</td>
<td>S. Dodson</td>
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Where significant changes are made to this document, the version number will be incremented by 1.0. Where changes are made for clarity and reading ease only and no change is made to the meaning or intention of this document, the version number will be increased by 0.1.
1.4 Distribution
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| Roadmap website | • Focus Group members  
|               | • Enterprise Grant, Contract, and Loan Management Feasibility Study Team | 1/9/2006      | 0.4     |
| Roadmap website | • Focus Group members  
|               | • Enterprise Grant, Contract, and Loan Management Feasibility Study Team | 2/6/2006      | 0.6     |
| Roadmap website | • Focus Group members | 5/9/2006      | 1.0     |

1.5 Document Control Information
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Enterprise Business Process and Data Modeling for the Roadmap
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2 Executive Summary

2.1 Background and Business Objectives

Each year the State of Washington pursues and manages over $6 billion of incoming grant funds from at least 30 federal and private/local agencies. Agencies also distribute more than $10 billion in grants and loans to thousands\(^1\) of organizations for strategic economic development, health, transportation, environmental, recreational, and social service projects. Dozens of agencies use a myriad of systems and spreadsheets to track who gets the money, where it is being spent, and what is being achieved. Although this data could be compiled agency-by-agency, the information is not readily available for state oversight, strategic planning, and cross-agency coordination.

The Roadmap business process modeling project is tasked with modeling the current process for managing these grants and proposing a vision for the future. This report summarizes the effort completed and makes a business case for implementing significant change. Recommendations in this report are based on best practice research and input from a focus group of agency grant management experts.

The business objectives of Washington’s grant management process are to:

- Leverage and enhance grant and loan funding opportunities to support program objectives (e.g. target high-value projects, leverage match funds, and increase administrative efficiency);
- Improve customer access to state grant and loan opportunities;
- Demonstrate accountability for grant and loan funds;
- Comply with state and grantor laws and rules;
- Monitor, measure, and report on the effectiveness of awarded projects to achieve expected results through the life of the project, and beyond when required by the grantor;
- Achieve the highest possible return on funds, as quantified in terms of benefit to the public; and
- Make grant and loan program information accessible to stakeholders.

For clarity, the models distinguish between the grant management process for grant awards received by state agencies, and subgrant management where agencies make and monitor awards to recipients.

2.2 Business Challenges

The modeling effort identified a number of business challenges that ultimately affect the level of service provided to citizens.

Challenges for state grant and loan recipients:

- Difficulty finding information about what funding is available for what purposes and who is eligible to apply;
- Different processes, application forms, reporting forms, requirements, and contacts for every agency and program;

\(^1\) The actual number of state grant and loan recipients is unknown. Every agency currently assigns unique recipient identification numbers, even though they often for the same recipients.
- Lengthy and inaccessible application processes; and
- Too much time and effort spent filling out forms and making corrections.

Challenges for the state:
- Difficulty reporting statewide achievements and statistics, such as total grant dollars received and distributed to whom, where, and for what;
- Excessive diversity across agencies and programs;
- Ineffective coordination of related programs across agencies;
- Time-consuming and error-prone paper-based processes; and
- Too much reliance on desktop tools and agency silo systems, not integrated to statewide financial systems, and not subject to the robust security, backup, and controls of an enterprise system.

The bottom line is that current processes take time and focus away from service delivery and managing the performance of the billions of dollars of grant and loan awards.

2.3 Proposed Recommendations

The focus group recommends the following process and policy changes to support their could-be vision for grant management in Washington State. The focus group believes these changes could be at least partially implemented independently of system change, and are necessary to support an effective system solution.

<table>
<thead>
<tr>
<th>Proposed Recommendation</th>
<th>Expected Business Value</th>
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| 1. Adopt enterprise-wide standards for terminology, subgrant/loan application forms, progress reports, and payment requests, to the extent possible given the program-unique requirements imposed by funders. | ▪ Improved customer service
▪ Faster, better, cheaper grant management business processes for recipients and agencies
▪ Better information for better decisions and better results |
| 2. Establish an enterprise-wide standard for identifying subgrant/loan recipients and a standard process for registering recipients and applicants. Require use of the enterprise identifier for payment transactions. | ▪ Improved customer service
▪ Faster, better, cheaper grant management business processes for recipients and agencies
▪ Better information for better decisions and better results |
| 3. Facilitate use of electronic document management and e-signatures to | ▪ Improved customer service
▪ Faster, better, cheaper grant management business processes for recipients and agencies
▪ Better information for better decisions and better results |

2 These recommendations are intended as a starting point for discussion rather than definitive solutions. Additional research and extensive stakeholder involvement will be required to establish the feasibility of each recommendation, recommend detailed policy revision language as necessary, and support an executive level decision to move forward.

3 This recommendation is not unique to grants management but is part of a larger issue related to statewide vendor identification and management, and will be addressed in more detail in the Vendor Information Management modeling sessions and the Supply Chain Value Proposition.
<table>
<thead>
<tr>
<th>Proposed Recommendation</th>
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<td>securely transmit and authenticate grant documents.</td>
<td>management business processes for recipients and agencies</td>
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<tr>
<td>4. Adopt a risk-based, business-rule driven approach to determine review and approval requirements for recipient progress reports and payment requests, and trigger inspections</td>
<td>▪ Faster, better, cheaper grant management business processes for recipients and agencies</td>
</tr>
<tr>
<td>5. Look for opportunities to standardize performance measures, possibly aligned with the priorities of government.</td>
<td>▪ Better information for better decisions and better results</td>
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<td></td>
<td>▪ Improved program accountability</td>
</tr>
<tr>
<td>6. Collect actionable information and use it to improve program service delivery.</td>
<td>▪ Improved customer service</td>
</tr>
<tr>
<td></td>
<td>▪ Faster, better, cheaper grant management business processes for recipients and agencies</td>
</tr>
<tr>
<td></td>
<td>▪ Better information for better decisions and better results</td>
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<td></td>
<td>▪ Maximized return on investment through strategic and proactive grant management</td>
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<tr>
<td>7. Adopt federal grant management standards for forms, agreement terms and conditions, cost allocation, and cost categories statewide, as they become available through federal initiatives such as the National Grants Partnership.</td>
<td>▪ Improved customer service</td>
</tr>
<tr>
<td></td>
<td>▪ Faster, better, cheaper grant management business processes for recipients and agencies</td>
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<td>▪ Better information for better decisions and better results</td>
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<td>▪ Maximized return on investment through strategic and proactive grant management</td>
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The first six recommendations focus primarily on the subgrant management process and the seventh is for grant management. Grant management processes are largely dependent on policies established by federal agencies. The National Grants Partnership was formed in 2000 to streamline grant processes across federal agencies and make them more efficient and less burdensome. This initiative has already generated some improvements and additional progress is expected over the next decade. For best customer service, these federally mandated improvements should be adopted statewide as they become available, rather than agency-by-agency.

The grant management focus group also recommends the following system solutions to support the vision:

8. Establish an enterprise electronic grants management system, integrated with state financial systems that would serve as a grant manager’s “workbench”. The workbench would provide access to both grant and financial data, to help managers administer grant programs more efficiently and make better-informed decisions;

9. Create an enterprise recipient web-portal for convenient access to state grant and loan opportunities and easy communication with grant managers, submission of electronic forms, and cross-agency collaboration.
The implementation strategy for each recommendation includes appropriate training to ensure effective adoption of the proposed change.

2.4 Value Proposition
Best practice research indicates that enterprise electronic grants management systems and web-interfaces are no longer just desirable management tools, but are important to both the funding agency and grant recipients. The advantages of such systems are to achieve administrative efficiencies in making the grant application process easier, faster and less costly; allow agencies and organizations to use important program and financial information for benchmarking, performance-based budgeting and reporting; promote more timely compliance reviews; and facilitate exchange of information to promote strategic planning and decision making.4

Providing tools for grant recipients and managers does have associated costs, such as research and planning, site and portal development, consulting services, hardware and software to support the systems, hosting or connectivity, marketing, training, and on-going support and maintenance. The return on investment is difficult to quantify due to the lack of data on current enterprise process costs. However best practice research has shown that enterprise e-grant management systems:

- Empower potential recipients to find and apply for the funding needed to accomplish projects that deliver real value to and on behalf of citizens.
- Facilitate exchange of information to promote knowledge sharing and collaboration across grant making agencies, and make informed decisions regarding the billions of dollars of grant and loan funds;
- Provide visibility into the entire subgrant management process from beginning to end;
- Make it easier, faster, and less costly to prepare, submit, and review grant applications, monitor projects, and process payments;
- Eliminate the costs of continuing investments in development and operation of agency-unique grant management systems;
- Provide a rich source of project and financial information for strategic planning, benchmarking, performance-based budgeting, proactive management of grant programs and responding to ongoing requests from legislators, executive management and program staff;
- Reduce time spent responding to public disclosure requests to the extent data can be made directly available to the public or can be more easily compiled via enterprise grants system; and
- Provide the ability to quantify and demonstrate unmet service delivery needs, because data about eligible applications that exceed available funding can easily be captured.

When data is standardized and data collection is increased, grant managers and policy-makers have a rich store of information about grant and loan details, trends, and patterns. This data can be analyzed to inform policy decisions and better serve Washington citizens. The types of questions that can be answered include:

- Where is the state having the most impact for the dollars spent?

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● Where are there overlaps in services funded?
● Is the grant effort achieving its stated goals and objectives?
● Which progress reports are due, or overdue?
● What corrective action is necessary?
● To which recipients and in what locations/constituencies are monies being distributed?
● Are recipients meeting performance milestones?
● Which applicants have a history of high performance, or under-performance?

With the proper tools in place, grant management can expand from a cost tracking and risk avoidance activity into a key window of business information that can be managed proactively to impact larger statewide service delivery performance initiatives.

The State of Minnesota is working on a similar grant management initiative as part of their Drive to Excellence – Transformation Roadmap. 5 Minnesota estimates a 3.3 year payback on their estimated initial expenditure of $3.4 million, primarily due to avoiding costs of continuing investments in agency-unique systems.

Washington State has already begun to reap these types of savings. In 2005, the two separate budget requests from the Departments of Ecology and Community, Trade and Economic Development for agency subgrant management systems were consolidated into one request for the first phase of an enterprise system for use by all agencies.

2.5 Performance Measures

The focus group identified two key performance indicators to measure the results of implementing their vision for grant management:

● Elapsed time from advertisement to award (by major program)
● Subgrant dollars where the state can demonstrate:
  - Who benefited;
  - Where benefited (e.g. jurisdiction, legislative district); and
  - What was achieved?

Roadmap Advisory Group members suggested adding a third key metric:

● Percent of subgrant funds available for direct service delivery (by major program) 6

These externally focused metrics would steer the subgrant management process towards putting more money to work faster and demonstrating the statewide results delivered through grant and loan programs. The grant management focus group also recommends several internally focused metrics, such as the number of applications processed per staff person, to monitor and promote administrative efficiencies.

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5 “State of Minnesota’s Drive to Excellence Transformation Roadmap”, pages 39-44 and 170-176, March 2005

6 Adoption of this metric might require agreement on a common definition of program administrative costs. Administrative costs are currently defined differently by every agency and even by programs within agencies.
2.6 **Focus Group Participants**  
Representatives from the following agencies participated in the modeling focus groups for grant management:

- Department of Community, Trade and Economic Development;
- Department of Ecology;
- Department of Fish and Wildlife;
- Department of Social and Health Services;
- Department of Transportation;
- Health Care Authority;
- Interagency Committee for Outdoor Recreation;
- Office of the State Auditor; and
- Office of the State Treasurer.

A complete listing of participants is included as Appendix D.
3 As-Is Grant Management Business Models

3.1 Process Scope, Definition, and Business Objectives

The project team worked with an extended group of agency experts to model the as-is grant management business processes. The express purpose of the as-is focus group session was to document what agencies do and why in the area of grant and subgrant management. The group started by defining the process scope and business objectives and identifying business challenges with the current process. The agreed to scope for grant management is:

The process of acquiring grant funding from federal, state or other sources, expending grant and loan funds in support of program objectives, reporting grant and loan activities to funding authorities, and evaluating the effectiveness of grant and loan programs. The process also includes all steps necessary to make and monitor subgrant awards to recipients, but does not include management and tracking of loans receivable.

The agreed to definition of a grant is:

An award of financial assistance the principal purpose of which is to transfer a thing of value from a granting agency to a recipient to carry out a public purpose of support or stimulation authorized by law. A loan is a grant where there is an expectation that all or part of the funds will become repayable to the grantor under the terms and conditions of the loan agreement.

The business objectives of Washington’s grant management process are to:

- Leverage and enhance grant and loan funding opportunities to support program objectives (e.g. target high-value projects, leverage match funds, and increase administrative efficiency);
- Improve customer access to state grant and loan opportunities;
- Demonstrate accountability for grant and loan funds;
- Comply with state and grantor laws and rules;
- Monitor, measure, and report on the effectiveness of awarded projects to achieve expected results through the life of the project, and beyond when required by the grantor;
- Achieve the highest possible return on funds, as quantified in terms of benefit to the public; and
- Make grant and loan program information accessible to stakeholders.

3.2 Business Challenges

The focus group identified the following business challenges for subgrant recipients and the state:

Challenges for state grant and loan recipients:

- Difficulty finding information about what funding is available for what purposes and who is eligible to apply;

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7 The following agencies were represented in all three grant management focus group sessions: the Departments of Community Trade and Economic Development, Ecology, Fish and Wildlife, Social and Health Services, and Transportation, the Health Care Authority, and the Interagency Committee for Outdoor Recreation. The Office of the State Treasurer and the State Auditor’s Office attended one session.
Different processes, application forms, reporting forms, requirements, and contacts for every agency and program;

- Lengthy and inaccessible application processes; and
- Too much time and effort spent filling out forms and making corrections.

Challenges for the state:

- Difficulty reporting statewide achievements and statistics, such as total grant dollars received and distributed to whom, where, and for what;
- Excessive diversity across agencies and programs;
- Ineffective coordination of related programs across agencies;
- Time-consuming and error-prone paper-based processes; and
- Too much reliance on desktop tools and agency silo systems, not integrated to statewide financial systems, and not subject to the robust security, backup, and controls of an enterprise system.

They identified these additional key process issues:

- Difficulty overseeing recipients and measuring the results of their performance effectively throughout the life of the grant, and beyond (when required);
- Inadequate interfaces with state financial systems, leading to duplicate entry in desktop and non-standardized tools (Excel, Access, or agency-specific databases), manual financial and program reconciliation, manual reentry of repayment information, manual report creation, and a manual closeout process.

The bottom line is that current processes take time and focus away from service delivery and managing the performance of the billions of dollars of grant and loan awards.

3.3 Business Process Model Overview

To clearly communicate the multi-faceted scope, grant management was modeled as two separate processes:

- Grant Management - management of grant awards received by state agencies from various funding sources; and
- Subgrant Management - management of subgrant and loan awards made by state agencies to recipients.

The following components were developed to illustrate the existing processes for grant and subgrant management:

- Business process models – a diagram representing the as-is process for both grant management and subgrant management;
- Component list of the business process model – this is a list of the roles, inputs, outputs, events, data and constraints included in the model; and
- Common processes and agency variations – these narratives supplement the process flows by providing additional information on common processes and samples of known agency variations.
These symbols are used on the business process model diagrams:

- Constraint
- Input or Output
- Process Step
- Decision
- Data
- Other Process
- High Value Output
- Directional Flow
- General flow of events

Note: The legend may include symbols not used on a particular model.
3.4 Grant Management As-Is Business Process Model

- **Acquire Funding**
  - Federal Fund Stream
  - Local/Private Fund Stream
  - Includes: Locate funding - Request funding - Receive funding
  - Find/Award

- **Establish/Amend Grant Program**
  - State Fund Stream
  - Includes: Locate funding - Request funding - Receive funding

- **Verify or Request Budget Authority**
  - Define:
    - Budget
    - Revenue
    - Reporting Rules
    - Program Outcomes
    - Refine Account Coding
  - Unanticipated Receipt Request

- **Subgrant Management**
  - Allocate Funds to State Programs
  - Include Grant Proposal (if required)

- **Incur Direct Agency Expenses**
  - Incur Direct Agency Expenses
  - Apply Indirect Expenses
  - Cost Allocation Entry

- **Prepare Invoice**
  - AP Entry
  - At least one large agency uses an allocation process to assign direct costs to the appropriate grant programs

- **Do Program Close-Out**
  - Final Financial Report
  - Program Report
  - Grant Reconciliation

- **Record Receipt**
  - AR Entry

- **Do Financial Close-Out**
  - Cash Receipt
  - Final Financial Reports
  - Grant Reconciliation

- **Prepare/Approve Interim Reports**
  - Program Report

- **Financial Status Report**

- **Remittance**

- **Draw Down Letter of Credit**

- **Post-Award**
  - And/Or
  - Determine Method of Payment

- **Program Reports**

- **Close-Out**
  - Monitor Long-Term (if required)

- **Grant Reconciliation**

- **Performance Measures**

- **Find/Award**

- **Post-Award**

- **Close-Out**
3.5 Subgrant Management As-Is Business Process Model

- Revised Code of Washington (RCWs)
- State Capital & Operating Budget & Provisos
- Code of Federal Regulations (CFR)
- IRS Code
- Federal Cash Management Improvement Act (CMIA)
- Washington Administrative Code (WACs)
- Office of Management & Budget (OMB) Circulars
- Grant/Loan Program Specific Regulations
- Agency Policies
- Internal Controls

**Find**
- Program Definition
- Find Award
  - Draft
  - Review
  - Publish to website, portal, send email, etc.

**Award**
- Establish Subgrant Program
- Solicit Recipients
- Funding Priority Plan
- Grant Opportunity Advertisement
- Solicit Applications
- Receive & Review Applications
- Prioritized List for Selection
- Manage Contracts
- Award Letter
- Encumbrance Entry
- Encumbrance policy varies by agency

**Post-Award**
- Award/Amend Funds
- Review/Approve Progress Report
- Review/Approve Payment Request
- Update Contract Balance
- Pay Recipient
- Review/Approve Final Reports & Payment

**Close-Out**
- Final Financial Report
- Final Progress Report
- Do Final Close-out & Audit
- Monitor Long-Term (if required)

- Performance Measures
- Status:
  - Scope
  - Schedule
  - Cost
  - Milestones
- Payment Request
- Amendment Needed?
- Progress Report
- Manage Contracts
- AR Entry
- AR Payment Schedule (if loan)
- Contract reconciliation
- Final Liquidation
- Liquidation of Encumbrance
### 3.6 Components for Grant and Subgrant Management Business Processes

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<td><strong>Subgrant Management:</strong></td>
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<td>- Subgrant application</td>
<td>- Apply indirect expenses</td>
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<td>Policies &amp; Regulations</td>
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<td>- Recipient progress report</td>
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<td>- Draw down letter of credit or prepare invoice</td>
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<td>- Washington Administrative Code (WAC)</td>
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<td>- State Treasurer – cash flow</td>
<td>- Performance measures</td>
<td>- Financial transactions</td>
<td>- Record receipt</td>
<td>- Program outcomes</td>
<td>- Office of Management &amp; Budget (OMB) circulars</td>
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<td>- OFM – budgeting, financial reporting, property foreclosures</td>
<td>- Recipient payment request</td>
<td><strong>Subgrant Management:</strong></td>
<td>- Prepare/approve interim reports</td>
<td>- Manager</td>
<td>- Grant &amp; loan program-specific regulations</td>
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<tr>
<td>- GA – contract approvals</td>
<td>- Final financial report</td>
<td>- Funding priority plan</td>
<td>- Close-Out</td>
<td>- Other roles</td>
<td>- Agency policies</td>
</tr>
<tr>
<td>- State Auditor - oversight &amp; foreclosure</td>
<td>- Final progress report</td>
<td>- Contract/ Grant or Loan Advertisement</td>
<td>- Review/approve final reports &amp; payment</td>
<td>- Geospatial data</td>
<td>- Other</td>
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<td>- Private Lenders - real estate</td>
<td>- Prioritized list for selection</td>
<td>- Prioritized list for selection</td>
<td>- Update contract balance</td>
<td>- Budget</td>
<td>- Internal controls</td>
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<td><strong>Subgrant Management:</strong></td>
<td><strong>Subgrant Management:</strong></td>
<td><strong>Subgrant Management:</strong></td>
<td><strong>Subgrant Management:</strong></td>
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</table>
3.7 Summary of Assumptions on As-Is Common Process and Agency Variations for Grant Management

Although agencies all follow the same basic “Find, Award, Post-Award, and Close-Out” process for both grant and subgrant management, very few policies and processes are common across all agencies. In addition, no enterprise grant management or subgrant management systems are available for use by state agencies. A few agencies have grant or subgrant management systems and some federal agencies have made progress towards standardized application and reporting processes and some level of technology support. Still, current grant and subgrant management processes are primarily manual, with extensive agency and program variations at each step of the process.

Agency and program commonalities and variances are summarized in this section. A more detailed listing can be found in Appendix C – Detailed Assumptions on Common Processes and Agency Variations.

**Statewide Commonality**

Focus Group agencies and grant programs share the following areas of commonality:

- Agencies share common high-level objectives for performance and accountability of the state’s grant and loan programs.
- Agencies generally follow the same high-level process steps within the basic find, award, post-award and close-out functions for both grant and subgrant management.
- Federal grant programs share the requirement to comply with Office of Management and Budget (OMB) circulars and request reimbursement in accordance with the Cash Management Improvement Act (CMIA).
- Formal state budget authority is required for grant funds, regardless of funding source.
- Grant programs are managed within state programs, regardless of funding source.
- Grant programs are managed within both the funding award period assigned by the grantor and the state biennial budget period.
- Subgrant management agencies share the need for high-quality contract management process support to ensure effective grant and loan agreements.
- Finally, all grant, subgrant and loan programs are managed in accordance with their enabling statutes and program-specific rules and regulations.

**Agency Variations**

The two biggest drivers for grant and subgrant management process variations among agencies and programs are:

- The extent and complexity of program-specific rules and regulations imposed by grant funders
- The level of investment the agency or program has made in process improvement, applicant and recipient training, and technology tools to support the processes
In addition, some agency variations have evolved over time due to customary practice. These three factors contribute to the following types of significant variations in agency administrative workload levels and subgrant recipient service levels reported by the focus group agencies:

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Range of Service Level Responses</th>
</tr>
</thead>
</table>
| Percent of subgrant application proposals requiring follow-up and rework by program staff and/or recipients | • Responses ranged from two percent to ninety percent  
• For some competitive programs, applicants submitting incomplete documents lose the opportunity for funding consideration because non-compliant applications are discarded |
| Elapsed time between receipt of applications and award of funds | • Ten working days to 14 months, or even longer for one program that requires Legislative approval for each project |
| Percent of subgrant payment requests requiring follow-up and rework by program staff and/or recipients | • Four percent to fifty percent  
• Reasons for payment rejection included missing signatures, math errors, date of service questions, cost eligibility questions, etc. |
| Percent of progress reports requiring follow-up and rework by program staff and/or recipients | • Two percent to 25 percent  
• One program indicated that 30% of progress reports are not submitted on time and have to be requested from the recipient so payment requests can be processed |
| Elapsed time between receipt of invoice and payment | • Two working days to two weeks to 30 days, or longer if questions cannot be resolved timely  
• One program allows automatic monthly payments to eligible recipients, without billing |

Other significant variations are summarized below:

- Each program has unique performance objectives.
- Program eligibility requirements and detailed rules vary widely.
- Many programs require unique application and reporting forms and schedules.
- Grant program funding award periods vary.
- Agencies may be organized differently to manage grant, subgrant, and loan programs.
- Agency cost allocation plans, practices, and methodologies vary.
- Encumbrance policies vary by agency and even by program within agencies; many of these variances are workload related.
- The extent to which agencies rely on AFRS for grant management information varies widely; most agencies with significant grant funding supplement AFRS budget, revenue, and expenditure data with agency systems or desktop tools to some extent.
- Agencies have varying capabilities to:
  - Submit and accept documents electronically
  - Track contract transactions and balances effectively
- Agency levels of adoption of low-cost electronic payment methods vary widely.
- Agency policy regarding acceptance of electronic signature varies; “wet” signatures are usually required.
- Methods for monitoring and documenting match funds vary.
- Performance management and monitoring policies and methodologies vary widely.
- The level of cross-program and cross-agency coordination varies.

Additional agency variations occur in every process steps, as detailed in Appendix C – Detailed Assumptions on Common Processes and Agency Variations.
4 Grant Management Best Practice Research

In order to recommend common business processes and data standards that leverage the best thinking of specialists in this functional area, the project team researched best practices, as well as the capabilities of commercially available software. Research included reviewing other state solutions for grant management transformation, industry standards research, and evaluating industry standard electronic-grant software solutions.

Best practice research indicates that enterprise electronic grants management systems and web-interfaces are no longer just desirable management tools, but are indispensable to assist both the funding agency and grant recipients. The advantages of such systems are to achieve administrative efficiencies in making the grant application process easier, faster and less costly; allow agencies and organizations to use important program and financial information for benchmarking, performance-based budgeting and reporting; promote more timely compliance reviews; and facilitate exchange of information to promote strategic planning and decision making.8

High performing organizations use enterprise e-grant management systems and standard processes to:

- Empower potential recipients to find and apply for the funding needed to accomplish projects that deliver real value to and on behalf of citizens.
- Facilitate exchange of information to promote knowledge sharing and collaboration across grant making agencies, and make informed decisions regarding the billions of dollars of grant and loan funds;
- Provide visibility into the entire subgrant management process from beginning to end;
- Make it easier, faster, and less costly to prepare, submit, and review grant applications, monitor projects, and process payments;
- Eliminate the costs of continuing investments in development and operation of agency-unique grant management systems;
- Provide a rich source of project and financial information for strategic planning, benchmarking, performance-based budgeting, proactive management of grant programs and responding to ongoing requests from legislators, executive management and program staff;
- Reduce time spent responding to public disclosure requests to the extent data can be made directly available to the public or can be more easily compiled via enterprise grants system; and
- Provide the ability to quantify and demonstrate unmet service delivery needs, because data about eligible applications that exceed available funding can easily be captured.

Best practice research also advises a broad-based approach to improving grant management processes that encompasses all key modernization drivers: policy, people, process, and technology.

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5 Could-Be Grant Management Business Process Models

Using the information gained from the as-is processes and the best practice research the project team worked with the same extended group of agency experts to model the could-be business processes for grant and subgrant management. Generally, the focus group and the project teams were open to significant change and agreed that the future state process should:

- Establish an enterprise electronic grants management system, integrated with state financial systems that would serve as a grant manager’s “workbench”. The workbench would provide access to both grant and financial data, to help managers administer grant programs more efficiently and make better-informed decisions;
- Create an enterprise recipient web-portal for convenient access to state grant and loan opportunities and easy communication with grant managers, submission of electronic forms, and cross-agency collaboration.

The focus group combined these two technology improvements with the policy and process improvements recommended in Section 6.1 to create the standard, efficient and effective could-be process models presented in the following section. In recognition of the enormous challenges of implementing the significant change proposed, the models are labeled as a “Vision in Progress”.

The following components illustrate the could-be process for grant management and include:

- Business process models – diagrams representing the could-be processes for grant and subgrant management;
- Process narrative to support the proposed process modifications; and
- Component list of the business process model – the Roles, Inputs, Outputs, Events, Data, and Constraints included in the model.
5.1 Could-Be Business Process Model for Grant Management

This model describes a “vision in progress”. Refer to Section 5.3 for a narrative description of the could-be model process steps.
### 5.2 Could-Be Business Process Model for Subgrant Management

This model describes a “vision in progress”. Refer to Section 5.4 for a narrative description of the could-be model process steps.

#### Diagram

```
\begin{center}
\begin{tikzpicture}
  \node[draw] (award) {Award}
  \node[draw, below of=award] (postaward) {Post-Award}
  \node[draw, left of=award] (find) {Find}
  \node[draw, below of=postaward] (closeout) {Close-Out}

  \node[draw, above of=find] (r1) {Recipient Application}
  \node[draw, below of=r1] (r2) {Recipient Registration}
  \node[draw, right of=r2] (r3) {Recipient Agreement/Agreement}
  \node[draw, right of=r3] (r4) {Recipient Application/Agreement}
  \node[draw, right of=r4] (r5) {Recipient Contract/Subbri graft or Loan Agreement}
  \node[draw, right of=r5] (r6) {Recipient Payment/Request & Payment}
  \node[draw, right of=r6] (r7) {Recipient Final/Close-Out Report & Payment}
  \node[draw, right of=r7] (r8) {Recipient Encumbrance Management}
  \node[draw, right of=r8] (r9) {Recipient Accounts Payable & Receivable}
  \node[draw, below of=r9] (r10) {Vendor Registration}
  \node[draw, right of=r10] (r11) {Vendor Contract/Management}
  \node[draw, right of=r11] (r12) {Vendor Payment/Request & Payment}
  \node[draw, right of=r12] (r13) {Vendor Final/Close-Out Report & Payment}
  \node[draw, right of=r13] (r14) {Vendor Encumbrance Management}
  \node[draw, right of=r14] (r15) {Vendor Accounts Payable & Receivable}
  \node[draw, below of=r15] (r16) {Enterprise Resources Management}
  \node[draw, below of=r16] (r17) {Enterprise Program Definition}
  \node[draw, below of=r17] (r18) {Enterprise Advertise-ment}
  \node[draw, below of=r18] (r19) {Enterprise Recipient Agreement/Agreement}
  \node[draw, below of=r19] (r20) {Enterprise Agreement Balance, Payment, Schedule & Performance Metrics}
  \node[draw, below of=r20] (r21) {Enterprise Reports & Inspection Data}
  \node[draw, below of=r21] (r22) {Enterprise Liquidate Encumbrance}
  \node[draw, below of=r22] (r23) {Enterprise Accounts Payable & Receivable}
  \node[draw, below of=r23] (r24) {Enterprise Electronic Payment via Portal}
  \node[draw, below of=r24] (r25) {Enterprise Long-Term Perform Inspection}
  \node[draw, below of=r25] (r26) {Enterprise Actionable Enterprise Grant Information}
  \node[draw, below of=r26] (r27) {Enterprise Advertise-ment}
  \node[draw, below of=r27] (r28) {Enterprise Solicit Recipients}
  \node[draw, below of=r28] (r29) {Enterprise Receive & Review Applications}
  \node[draw, below of=r29] (r30) {Enterprise Award Funds/Update Subgrant}
  \node[draw, below of=r30] (r31) {Enterprise Review & Approve Reports & Payments}
  \node[draw, below of=r31] (r32) {Enterprise Inspecting Requested?
  \node[draw, below of=r32] (r33) {Enterprise Final Report/Payment?
  \node[draw, below of=r33] (r34) {Enterprise Do Final Close-Out & Audit}
  \node[draw, below of=r34] (r35) {Enterprise Long-Term Monitoring}

  \draw[->] (find) -- (r1);
  \draw[->] (r1) -- (r2);
  \draw[->] (r2) -- (r3);
  \draw[->] (r3) -- (r4);
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  \draw[->] (r32) -- (r33);
  \draw[->] (r33) -- (r34);
  \draw[->] (r34) -- (r35);

  \node[draw, below of=r35] (r36) {Better Information for Better Results}

\end{tikzpicture}
\end{center}
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5.3 Could-Be Process Narrative for Grant Management

The following narrative describes the could-be vision proposed by a focus group of agency experts for Washington State grant management. This vision features an enterprise electronic grants management system, integrated with state financial systems that would serve as a grant manager’s “workbench”. The workbench would provide access to both grant and financial data, to help managers administer grant programs more efficiently and make better-informed decisions.

Notes:
1. Agencies will be able to skip process steps that are not appropriate for certain grant programs. For example, grants with no pass-thru funds would skip any references to subgrants. Similarly, grants that prohibit indirect costs would skip those references.
2. The narrative references other proposed integrated enterprise-wide financial systems and supporting processes such as Contract Management and Accounts Payable. The vision for these robust systems will be further defined as related Roadmap process models are developed.

Find/Award

Sequence - The sequence of the three Find/Award steps depends on circumstances:
- New and renewed grant funding can typically be allocated among existing state programs and managed within established grant programs
- Receipt of a new award or funding stream presents the opportunity to refine and coordinate established state and grant programs and may result in a new state program

Acquire Funding – As federal, state and private funding opportunities become available, the state will assess the funding stream’s potential. This assessment will consider criteria such as alignment with the state’s strategic direction and priorities, impact on current programs across agencies, match fund requirements, and the likely expense of administering the grant.
Typically, agencies must submit formal proposals to apply for federal funding. State grant funds are awarded via enabling legislation and budget appropriation. The award process for private/local sources varies. Any required matching funds are located as part of the application process.
The Acquire Funding process will result in a formal contract/agreement with the funder, developed through the enterprise Contract Management process. Relevant data will be shared with the enterprise Grant Management System to reduce effort and ensure data integrity.
This process envisions adoption of streamlined federal processes and tools as they become available through initiatives such as the National Grants Partnership, to reduce complexity.

Allocate Funds to State Programs – Agencies will allocate grant funds to state programs with related activities. In simple cases, a funding stream might relate to one state program and be the only funding source for the program. More commonly, the relationship between funding sources, state programs, and grant programs will be many-to-many, just as it is today. The agency chart of accounts will be updated to include the grant and any required match.

Establish/Adjust Grant Program – Using the grant manager’s workbench, agencies will build on information already available from the grant application and contract/agreement. They will validate the grant award amount and period, assign roles, responsibilities and lines of authority, update business rules as appropriate, and define desired outcome measures and evaluation protocols. They will also refine the formal program definition, develop action plans and timelines, and draft or update polices and procedures.
To the extent possible, templates will be provided through the workbench to aid in establishment of grant programs.
### Post-Award

**Verify or Request Budget Authority** – Federal and private/local grant application timeframes and budget award periods may not coincide with state biennium and supplemental budget cycles. In addition, the grant period often extends beyond the current biennium. These circumstances create challenges for grant managers and agency budget offices. When actual awards fall short of state appropriations, the grant allotment will be adjusted downward. When awards exceed budgets, an unanticipated receipt appropriation will be requested.

It is envisioned that future enterprise tools will support seamless allotment of grant funds over the life cycle of the grant award, regardless of how that period overlaps the state biennium.

Grant amendments can be negotiated at any time during the Post-Award phase. Amendments will be developed and executed through a proposed enterprise Contract Management process, and may require adjustments to the program definition and grant/match allotments.

**Review and Approve Expenses** – All expenses and proposed adjustments will be initiated through the primary enterprise financial systems (e.g. Accounts Payable). Grant managers will receive notification through the workbench when expenses require their approval, according to business rules. Direct expenses including subgrant recipient expenses will be charged to the grant as they are incurred, or assigned through an allocation process as appropriate. Indirect costs will be automatically calculated and applied to each grant by the enterprise cost allocation sub-system in accordance with cost principles in OMB circulars (SAAM 50.20.40) and the approved cost allocation plan. Data about assets purchased with grant funds will be tracked as required.

**Prepare and Approve Interim Reports** – The level of interim reporting required for a program depends on grantor requirements. At a minimum, the reports will answer two fundamental public policy questions: 1) did the program work as intended, and 2) were the goals, objectives, and desired outcomes of the program achieved?

The workbench will notify grant managers when status and operational reports are due. To the extent the program uses standard report formats, the reports will be generated for the manager’s review and approval. Otherwise, the manager will compile the data and prepare the required reports. Reports will be submitted electronically whenever feasible.

**Manage Reimbursements and Income** – Enterprise invoicing systems will manage grant reimbursements by initiating letter of credit draws as expenditures are made, on the drawdown schedule appropriate for the grant program, in accordance with the Cash Management Improvement Act. If a letter of credit is not available, an invoice will be prepared for electronic transmission to the grantor. The grant manager workbench will enable review and approval when needed. An account receivable will automatically be generated, and then cleared when the remittance is received.

Program income will be recorded and tracked according to grant business rules as required.

### Close-Out

**Do Financial Close-Out** – Program completion, as defined by the grant program, requires grant managers to complete close-out reports, reconcile funds, evaluate and account for program income, and other financial close-out procedures required to report final obligations and expenditures.

As with progress reports, the workbench will notify grant managers when reports are due. To the extent the program uses standard report formats, the reports will be drafted for the manager’s review and approval. Otherwise, the manager will compile the data and prepare the required reports. Reports will be submitted electronically whenever feasible.

**Do Program Close-Out** – Most funders require a final program report summarizing program achievements against goals, objectives, and desired outcomes. To the extent possible, this data will be tracked and reportable through enterprise reporting.

**Monitor Long-Term (if necessary)** – Some grant programs require long-term monitoring that continues beyond the close of the grant. This is typically monitoring and reporting for the effects of projects where the outcomes are not immediately known such as culvert rerouting to aid long-term

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**Roadmap**

EBPDM – Grant Management Value Proposition

Updated: May 9, 2006
salmon re-population, or to ensure continuing benefit (e.g. the recreational facility continues in use). The grant manager workbench will track these long term requirements and notify managers when inspections and reports are due.

<table>
<thead>
<tr>
<th>Enterprise Reporting</th>
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</thead>
<tbody>
<tr>
<td>Data collected throughout the process will be available to authorized stakeholders to ensure transparency and accountability, provide process improvement metrics, and provide a valuable feedback loop that will lead to better program performance results.</td>
</tr>
</tbody>
</table>
5.4 Could-Be Process Narrative for Subgrant Management

The following narrative describes the could-be vision proposed by a focus group of agency experts for Washington State subgrant management. This vision features an enterprise web-portal for convenient access by potential applicants to state grant and loan opportunities and easy communication with grant managers, submission of electronic forms, and cross-agency collaboration.

This model also uses the grant manager “workbench” proposed for the grant management process, to consolidate grant data and workflow and help managers administer grant programs more efficiently and make better-informed decisions.

Notes:
1. Agencies will be able to skip process steps that are not appropriate for certain grant programs. For example, where the funder specifies the recipients for entitlement programs, the grant manager would skip the Solicit Recipients and Receive and Review Applications steps.
2. Alternative procedures will need to be developed to accommodate potential recipients who may not be comfortable with or have access to the enterprise subgrant portal, to ensure fair and equal access to public funding opportunities.
3. The narrative references integrated enterprise-wide financial systems and supporting processes such as Contract Management and Accounts Payable. The vision for these robust systems will be further defined as related Roadmap process models are developed.

Find

Establish Subgrant Program – Subgrant managers will be able to build on grant program data and use templates through the grant manager workbench to develop subgrant program definitions, and define subgrant roles and responsibilities, action plans timelines, polices and procedures, and project desired outcome measures and evaluation protocols.

Solicit Recipients – The subgrant program definition will provide data that can be used in subgrant advertisements as appropriate, to minimize duplication of effort. Templates will be available to help create program advertisements and instructions that can be updated and modified as necessary.

Grant managers will use enterprise workflow to route the draft announcement to advisory committee members and executive staff for review and approval. Once approved, the announcement and instructions shall be published on the enterprise subgrant web-portal and email notifications will be auto-generated to inform potential recipients the grant opportunity is available.

Award

Receive and Review Applications – Before applying for a grant, applicants will be asked to register with the state as a potential vendor. The proposed enterprise vendor registration process is being separately modeled. Registration as a statewide vendor will allow the recipient’s organization to receive notification of all pertinent funding opportunities and conduct business electronically with any state agency. Security requirements for authorized individuals will be designed to meet legal requirements for electronic document signature.

Once registered, applicants will complete the grant application and submit any required additional information on-line, or save incomplete applications for later completion. Templates and field edits will ensure submission of complete application documents and an efficient review process. Applicants will also be able to view the status of their applications (e.g. submitted not reviewed, reviewed not awarded, awarded, etc.) to promote self-service inquiry.

The system will allow agency managers to perform a preliminary review, comment back to the applicant, and provide an opportunity for revision before final review.

Authorized agency staff, advisory board members, and/or peer reviewers will be able to access
submitted applications and assess them for awards/funding, according to the application workflow business rules established for each program. A competitive grant process might require each member to independently review the proposals, participate in interviews, and apply agency determined ranking factors, much of which could be done online via the web-portal. Workflow routing will help manage the sequence of events necessary to expedite applications through the process by sending email notices and reminders.

**Award Funds/Update Subgrants** – Agency managers will develop a rank-ordered list of possible recipients for funding consideration that can be routed for review, update, and approval.

Award decisions will be recorded in the web-portal and notification of award or denial will automatically be sent to applicants. If an award letter is also needed, one will be generated and routed for electronic signature (to executive staff, governor’s office, etc.). The subgrant process will operate in tandem with the enterprise contract management process to develop, approve, and execute the formal contract/grant or loan agreement with the successful applicants. The contract management process will automatically trigger an encumbrance transaction for approved contracts to aid budget monitoring.

### Post-Award

**Review and Approve Report/Payment** – Recipients will be able to submit their progress reports electronically via the grant portal. Workflow rules, templates, and field edits will ensure complete and timely reports of progress and costs against program performance measures, project milestones, and outcomes. Workflow will route reports for review and approval.

The process will help prevent overpayment by requiring acceptance of performance before payment can be initiated. Upon acceptance of deliverables, the accounts payable process will automatically pay the lesser of the invoiced amount or the contractual value of the approved deliverables. The process will also liquidate the encumbrance, and generate an accounts receivable entry for loan agreements. All payments will be made electronically unless the recipient can make a clear business case for receiving payment by warrant.

If a progress report is not approved the recipient will be notified. All pending payment requests will be held until action is taken by the recipient to rectify the issues.

Grant amendments can be negotiated at any time during the Post-Award phase. Amendments will be developed and executed though the proposed enterprise Contract Management process and the updates will be made available to the subgrant management process.

**Perform Inspection** – Where site inspections are required by the program definition, they will be either routinely or randomly scheduled as appropriate considering the recipient's past performance record and other project risk indicators. Once scheduled, agencies will have the opportunity to coordinate site visits for similar programs to save state and recipient effort.

Alternatively, managers can elect to conduct telephone interviews with high-performing recipients. In all cases, a record of each inspection and/or contact will be made in the subgrant portal to document the findings. Typically, if a recipient's performance fails to meet expectations a hold will be placed on future payments until the issues are resolved. Enterprise vendor management will allow will allow grant managers across agencies to consider the impact of the recipient’s performance issues on other subgrant awards to the same recipient.

### Close-Out

**Final Close-Out and Audit** – Some subgrant programs require an audit as part of the close-out process. Audit reports will be available through the portal. When a subgrant is closed the recipient will submit a final report summarizing program outcomes, performance measures, project milestones, and final total expended program costs. The system will route reports for review and approval. Grant managers will verify match requirements, check that all funds were appropriately expended, reconcile final program balance, and generate close-out letters.
Long-Term Monitoring (if necessary) – Some grant programs require long-term monitoring that continues beyond the close of the grant. This is typically monitoring and reporting for the effects of projects where the outcomes are not immediately known such as culvert rerouting to aid long-term salmon re-population, or to ensure continuing benefit (e.g. the recreational facility continues in use). The grant manager workbench will manage these long-term requirements and notify managers when inspections and reports are due.

Enterprise Reporting

Data collected throughout the process will be available to authorized stakeholders to ensure transparency and accountability, provide process improvement metrics, and provide a valuable feedback loop that will lead to better program performance results.

When data is standardized and data collection is increased, grant managers and policy-makers have a rich store of data about grant and loan details, trends, and patterns. This data can be analyzed to inform policy decisions and better serve Washington citizens. The types of questions that can be answered include:

- Where is the state having the most impact for the dollars spent?
- Where are there overlaps in services funded?
- Is the grant effort achieving its stated goals and objectives?
- Which progress reports are due, or overdue?
- What corrective action is necessary?
- To which recipients and in what locations/constituencies are monies being distributed?
- Are recipients meeting performance milestones?
- Which applicants have a history of high performance, or under-performance?

With the proper tools in place, subgrant management can expand from a cost tracking and risk avoidance activity into a key window of business information that can be managed proactively to impact larger statewide service delivery performance initiatives.
## 5.5 Could-Be Grant and Subgrant Components

<table>
<thead>
<tr>
<th>Entities</th>
<th>Inputs</th>
<th>Outputs</th>
<th>Events</th>
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<td>Grant Management:</td>
<td>Subgrant Management:</td>
<td>Data</td>
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<td>• Approved grant award</td>
<td>• Acquire funding</td>
<td>• Find</td>
<td>• Program definition</td>
<td>• Revised Code of Washington (RCWs)</td>
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<td>Internal managers</td>
<td>• Program definition</td>
<td>• Allocate funds to State program</td>
<td>• Establish</td>
<td>• Program name/number</td>
<td>• State capital &amp; operating budget &amp; provisos</td>
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<td>(program, fiscal, project, agency)</td>
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<td>• Interim progress reports</td>
<td>• Adjust grant program</td>
<td>• Description</td>
<td>• Code of Federal Regulations (CFR)</td>
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<td>Federal funders</td>
<td>• Financial transactions</td>
<td>• Close-out reports</td>
<td>• Post-Award</td>
<td>• Performance objectives/ measures</td>
<td>• IRS Code</td>
</tr>
<tr>
<td>Legislature</td>
<td>• Remittance</td>
<td>• Financial transactions</td>
<td>• Receive and review applications</td>
<td>• Milestones</td>
<td>• Federal Cash Management Improvement Act (CMIA)</td>
</tr>
<tr>
<td>Local profit &amp; non-profit funders</td>
<td>Subgrant Management:</td>
<td>Subgrant Management:</td>
<td>• Award</td>
<td>• Deliverables</td>
<td>Policies &amp; Regulations</td>
</tr>
<tr>
<td>Federal, state and other oversight bodies</td>
<td>• Subgrant program definition</td>
<td>• Manage contracts (sub-process)</td>
<td>• Close-out &amp; payment</td>
<td>• Program outcomes</td>
<td>• Washington Administrative Code (WAC)</td>
</tr>
<tr>
<td>State appointed boards</td>
<td>• Advertisement</td>
<td>• Post-Award</td>
<td></td>
<td>• Manager</td>
<td>• Office of Management &amp; Budget (OMB) circulars</td>
</tr>
<tr>
<td>State Treasurer – cash flow</td>
<td>• Contract/ Subgrant or Loan Agreement (sub-process)</td>
<td>• Review/approve report &amp; payment</td>
<td>• Do financial close-out &amp; audit</td>
<td>• Other roles</td>
<td>• Grant &amp; loan program-specific regulations</td>
</tr>
<tr>
<td>OFM – budgeting, financial reporting, property foreclosures</td>
<td>• Financial transactions</td>
<td></td>
<td></td>
<td>• Geospatial data</td>
<td>• Agency policies</td>
</tr>
<tr>
<td>GA – contract approvals</td>
<td>Specific to Subgrant Management:</td>
<td>Grant Management:</td>
<td>Specific to Subgrant Management:</td>
<td>Other</td>
<td>Other</td>
</tr>
<tr>
<td>State Auditor - oversight &amp; foreclosure</td>
<td>• Recipient application</td>
<td>• Find/Award</td>
<td>• Recipient</td>
<td></td>
<td>Internal controls</td>
</tr>
<tr>
<td>Private Lenders - real estate</td>
<td>• Progress/ performance report &amp; payment request</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Specific to Subgrant Management:</strong></td>
<td>Final close-out reports</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Examples:**

- **Shared:** Program definition, Program name/number, Description, Performance objectives/ measures, Milestones, Deliverables, Program outcomes, Manager, Other roles, Geospatial data, Budget, Account coding, Fund source(s), Reporting rules, Expenditures, Receipts, Program income, Project details.

- **Laws:** Revised Code of Washington (RCWs), State capital & operating budget & provisos, Code of Federal Regulations (CFR), IRS Code, Federal Cash Management Improvement Act (CMIA).
6 Recommendations, Value Proposition, and Performance Measures

This section summarizes the policy, process and system changes recommended by the grant management focus group. It also presents the business value expected to result from each change and proposed metrics to capture progress towards achieving this value.

6.1 Proposed Policy and Process Recommendations

The following table presents the process and policy changes recommended by the grant management focus group. The focus group believes these changes could be at least partially implemented independently of system change, and are necessary to support an effective system solution.

The recommendations are proposed to support the could-be vision, and are intended as a starting point for discussion rather than definitive solutions. Additional research and extensive stakeholder involvement will be required to establish the feasibility of each recommendation, recommend detailed policy revision language as necessary, and support an executive level decision to move forward.

More details on each recommendation can be found in Section 7- Recommendation Implementation Strategies.

<table>
<thead>
<tr>
<th>Proposed Recommendation</th>
<th>Expected Business Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Adopt enterprise-wide standards for terminology, subgrant/loan application forms,</td>
<td>▪ Improved customer service</td>
</tr>
<tr>
<td>progress reports, and payment requests, to the extent possible given the program-unique</td>
<td>▪ Faster, better, cheaper grant management business processes for recipients and agencies</td>
</tr>
<tr>
<td>requirements imposed by funders.</td>
<td>▪ Better information for better decisions and better results</td>
</tr>
<tr>
<td>2. Establish an enterprise-wide standard for identifying subgrant/loan recipients and</td>
<td>▪ Improved customer service</td>
</tr>
<tr>
<td>a standard process for registering recipients and applicants. Require use of the</td>
<td>▪ Faster, better, cheaper grant management business processes for recipients and agencies</td>
</tr>
<tr>
<td>enterprise identifier for payment transactions. 9</td>
<td>▪ Better information for better decisions and better results</td>
</tr>
<tr>
<td>3. Facilitate use of electronic document management and e-signatures to securely</td>
<td>▪ Improved customer service</td>
</tr>
<tr>
<td>transmit and authenticate grant documents.</td>
<td>▪ Faster, better, cheaper grant management business processes for recipients and agencies</td>
</tr>
<tr>
<td>4. Adopt a risk-based, business-rule driven approach to determine review and approval</td>
<td>▪ Faster, better, cheaper grant management business processes for recipients and agencies</td>
</tr>
<tr>
<td>requirements for recipient progress reports and payment requests, and trigger inspections</td>
<td></td>
</tr>
</tbody>
</table>

9 This recommendation is not unique to grants management but is part of a larger issue related to statewide vendor identification and management, and will be addressed in more detail in the Vendor Information Management modeling sessions and the Supply Chain Value Proposition.
<table>
<thead>
<tr>
<th>Proposed Recommendation</th>
<th>Expected Business Value</th>
</tr>
</thead>
</table>
| 5. Look for opportunities to standardize performance measures, possibly aligned with the priorities of government. | • Better information for better decisions and better results  
• Improved program accountability |
| 6. Collect actionable information and use it to improve program service delivery. | • Improved customer service  
• Faster, better, cheaper grant management business processes for recipients and agencies  
• Better information for better decisions and better results  
• Maximized return on investment through strategic and proactive grant management |
| 7. Adopt federal grant management standards for forms, agreement terms and conditions, cost allocation, and cost categories statewide, as they become available through federal initiatives such as the National Grants Partnership. | • Improved customer service  
• Faster, better, cheaper grant management business processes for recipients and agencies  
• Better information for better decisions and better results |

The first six recommendations focus primarily on the subgrant management process and the seventh is for grant management. Grant management processes are largely dependent on policies established by federal agencies. The National Grants Partnership was formed in 2000 to streamline grant processes across federal agencies and make them more efficient and less burdensome. This initiative has already generated some improvements and additional progress is expected over the next decade. For best customer service, these federally mandated improvements should be adopted statewide as they become available, rather than agency-by-agency.

### 6.2 Proposed System Recommendations

In addition, the *Roadmap* team recommends the following two system solutions. These recommendations are described in more detail in the could-be model narrative and in the Recommendation Implementation Strategy section.

8. Establish an enterprise electronic grants management system, integrated with state financial systems that would serve as a grant manager’s “workbench”. The workbench would provide access to both grant and financial data, to help managers administer grant programs more efficiently and make better-informed decisions.

9. Create an enterprise recipient web-portal for convenient access to state grant and loan opportunities and easy communication with grant managers, submission of electronic forms, and cross-agency collaboration.

The implementation strategy for each recommendation includes appropriate training to ensure effective adoption of the proposed change.
6.3 Value Proposition

Best practice research indicates that enterprise electronic grant management systems and web-interfases are no longer just desirable management tools, but are important to assist both the funding agency and grant recipients. The advantages of such systems are to achieve administrative efficiencies in making the grant application process easier, faster and less costly; allow agencies and organizations to use important program and financial information for benchmarking, performance-based budgeting and reporting; promote more timely compliance reviews; and facilitate exchange of information to promote strategic planning and decision making.  

Providing tools for grant recipients and managers does have associated costs, such as research and planning, site and portal development, consulting services, hardware and software to support the systems, hosting or connectivity, marketing, training, and on-going support and maintenance. The return on investment is difficult to quantify due to the lack of data on current enterprise process costs. However best practice research has shown that enterprise e-grant management systems:

- Empower potential recipients to find and apply for the funding needed to accomplish projects that deliver real value to and on behalf of citizens.
- Facilitate exchange of information to promote knowledge sharing and collaboration across grant making agencies, and make informed decisions regarding the billions of dollars of grant and loan funds;
- Provide visibility into the entire subgrant management process from beginning to end;
- Make it easier, faster, and less costly to prepare, submit, and review grant applications, monitor projects, and process payments;
- Eliminate the costs of continuing investments in development and operation of agency-unique grant management systems;
- Provide a rich source of project and financial information for strategic planning, benchmarking, performance-based budgeting, proactive management of grant programs and responding to ongoing requests from legislators, executive management and program staff;
- Reduce time spent responding to public disclosure requests to the extent data can be made directly available to the public or can be more easily compiled via enterprise grants system; and
- Provide the ability to quantify and demonstrate unmet service delivery needs, because data about eligible applications that exceed available funding can easily be captured.

When data is standardized and data collection is increased, grant managers and policy-makers have a rich store of data about grant and loan details, trends, and patterns. This data can be analyzed to inform policy decisions and better serve Washington citizens. The types of questions that can be answered include:

- Where is the state having the most impact for the dollars spent?
- Where are there overlaps in services funded?
- Is the grant effort achieving its stated goals and objectives?

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▪ Which progress reports are due, or overdue?
▪ What corrective action is necessary?
▪ To which recipients and in what locations/constituencies are monies being distributed?
▪ Are recipients meeting performance milestones?
▪ Which applicants have a history of high performance, or under-performance?

With the proper tools in place, grant management can expand from a cost tracking and risk avoidance activity into a key window of business information that can be managed proactively to impact larger statewide service delivery performance initiatives.

The State of Minnesota is working on a similar grant management initiative as part of their Drive to Excellence – Transformation Roadmap.\(^{11}\) Minnesota estimates a 3.3 year payback on their estimated initial expenditure of $3.4 million, primarily due to avoiding costs of continuing investments in agency-unique systems.

Washington State has already begun to reap these types of savings. In 2005, the two separate budget requests from the Departments of Ecology and Community, Trade and Economic Development for agency subgrant management systems were consolidated into one request for the first phase of an enterprise system for use by all agencies.

6.4 Performance Measures

The focus group identified two key performance indicators to measure the results of implementing their vision for grant management:

▪ Elapsed time from advertisement to award (by major program)
▪ Subgrant dollars where the state can demonstrate:
  - Who benefited;
  - Where benefited (e.g. jurisdiction, legislative district); and
  - What was achieved?

Roadmap Advisory Group members suggested adding a third key metric:

▪ Percent of subgrant funds available for direct service delivery (by major program)\(^{12}\)

These externally focused metrics would steer the subgrant management process towards putting more money to work faster and demonstrating the statewide results delivered through grant and loan programs. The grant management focus group also recommends several internally focused metrics to monitor and promote administrative efficiencies:

▪ Number of applications processed per full-time equivalent staff;
▪ Number of grants awarded per full-time equivalent staff;
▪ Percent of fully compliant applications received;
▪ Percent of compliant and timely progress reports; and
▪ Dollars of questioned costs related to grant.

\(^{11}\) “State of Minnesota’s Drive to Excellence Transformation Roadmap”, pages 39-44 and 170-176, March 2005

\(^{12}\) Adoption of this metric might require agreement on a common definition of program administrative costs. Administrative costs are currently defined differently by various agencies and even by programs within agencies.
The business objectives of Washington’s grant management process are to:

- Leverage and enhance grant and loan funding opportunities to support program objectives (e.g. target high-value projects, leverage match funds, and increase administrative efficiency);
- Improve customer access to state grant and loan opportunities;
- Demonstrate accountability for grant and loan funds;
- Comply with state and grantor laws and rules;
- Monitor, measure, and report on the effectiveness of awarded projects to achieve expected results through the life of the project, and beyond when required by the grantor;
- Achieve the highest possible return on funds, as quantified in terms of benefit to the public; and
- Make grant and loan program information accessible to stakeholders.

Both the externally and internally focused metrics help to target implementation and operational efforts towards progress in achieving the overall goals and objectives identified in the grant management value proposition. The following table maps the grant management focus groups’ suggested metrics and several additional measures to the stated business objectives for grant management, to create a framework for performance measurement under the “could-be” model:

<table>
<thead>
<tr>
<th>Business Objective</th>
<th>Metric 13</th>
<th>Proposed Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enhance funding opportunities</strong></td>
<td>Percent of fully compliant applications</td>
<td>Grant and Subgrant Management Systems</td>
</tr>
<tr>
<td></td>
<td>Percent of compliant and timely progress reports</td>
<td>Cost Reporting System</td>
</tr>
<tr>
<td></td>
<td>Percent of subgrant funds available for service delivery</td>
<td>Financial Reporting System</td>
</tr>
<tr>
<td></td>
<td>Statewide list of who benefited</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Statewide list of where benefits occurred</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Statewide list of what was achieved</td>
<td></td>
</tr>
<tr>
<td><strong>Improve customer access to opportunities</strong></td>
<td>Percent of subgrant advertisements made via web portal</td>
<td>Grant and Subgrant Management Systems</td>
</tr>
<tr>
<td></td>
<td>Percent subgrant applications submitted via web portal</td>
<td>Cost Reporting System</td>
</tr>
<tr>
<td></td>
<td>Percent of application, reporting, and payment exceptions identified at submission via web portal</td>
<td>Financial Reporting System</td>
</tr>
<tr>
<td></td>
<td>Percent of grant and subgrant related documents available via web portal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percent of subgrant funds available for service delivery</td>
<td></td>
</tr>
<tr>
<td><strong>Demonstrate accountability</strong></td>
<td>Expended grant dollars questioned</td>
<td>Grant and Subgrant Management Systems</td>
</tr>
<tr>
<td></td>
<td>Number of audit exceptions</td>
<td>Cost Reporting System</td>
</tr>
<tr>
<td></td>
<td>Number of site visits with multiple foci</td>
<td>Financial Reporting System</td>
</tr>
<tr>
<td></td>
<td>Number of site visit exceptions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percent of subgrant funds available for service delivery</td>
<td></td>
</tr>
</tbody>
</table>

13 Italicized metrics are those identified by the grant management focus group
### Business Objective

<table>
<thead>
<tr>
<th>Metric</th>
<th>Proposed Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comply with laws and rules</strong></td>
<td>Grant and Subgrant Management Systems</td>
</tr>
<tr>
<td>Expended grant dollars questioned</td>
<td></td>
</tr>
<tr>
<td>Number of audit exceptions</td>
<td></td>
</tr>
<tr>
<td>Number of site visit exceptions</td>
<td></td>
</tr>
<tr>
<td>Number of terminations for non-performance</td>
<td></td>
</tr>
<tr>
<td><strong>Monitor, measure, and report on effectiveness</strong></td>
<td>Grant and Subgrant Management Systems, Cost Reporting System, Financial Reporting System</td>
</tr>
<tr>
<td>Percent of subgrant advertisements made via web portal</td>
<td></td>
</tr>
<tr>
<td>Percent subgrant applications submitted via web portal</td>
<td></td>
</tr>
<tr>
<td>Percent of subgrant reporting submitted via web portal</td>
<td></td>
</tr>
<tr>
<td>Percent of subgrant payment requests submitted via web portal</td>
<td></td>
</tr>
<tr>
<td>Percent of application, reporting, and payment exceptions identified at submission via web portal</td>
<td></td>
</tr>
<tr>
<td>Percent of grant and subgrant related documents available via web portal</td>
<td></td>
</tr>
<tr>
<td>Percent of subgrant funds available for service delivery</td>
<td></td>
</tr>
<tr>
<td><strong>Achieve highest return on funds</strong></td>
<td>Grant and Subgrant Management Systems, Cost Reporting System, Financial Reporting System</td>
</tr>
<tr>
<td>Percent of subgrant reporting submitted via web portal</td>
<td></td>
</tr>
<tr>
<td>Percent of subgrant payment requests submitted via web portal</td>
<td></td>
</tr>
<tr>
<td>Percent of application, reporting, and payment exceptions identified at submission via web portal</td>
<td></td>
</tr>
<tr>
<td>Percent of grant and subgrant related documents available via web portal</td>
<td></td>
</tr>
<tr>
<td>Percent of fully compliant applications</td>
<td></td>
</tr>
<tr>
<td>Percent of compliant and timely progress reports</td>
<td></td>
</tr>
<tr>
<td>Percent of subgrant funds available for service delivery</td>
<td></td>
</tr>
<tr>
<td>Elapsed time from advertisement to award</td>
<td></td>
</tr>
<tr>
<td>Number of applications processed by staff person</td>
<td></td>
</tr>
<tr>
<td>Number of grants awarded by staff person</td>
<td></td>
</tr>
<tr>
<td><strong>Make program information available</strong></td>
<td>Grant and Subgrant Management Systems, Cost Reporting System, Financial Reporting System</td>
</tr>
<tr>
<td>Percent of subgrant funds available for service delivery</td>
<td></td>
</tr>
<tr>
<td>Statewide list of who benefited</td>
<td></td>
</tr>
<tr>
<td>Statewide list of where benefits occurred</td>
<td></td>
</tr>
<tr>
<td>Statewide list of what was achieved</td>
<td></td>
</tr>
</tbody>
</table>

These metrics require further analysis during the preparation of the feasibility study(s) for proposed grant and subgrant management policy and system changes. Implementing the metrics will necessarily begin with a period to establish a baseline against which to measure progressive improvement using tools designed and developed for this purpose.
7 Recommendation Implementation Strategies

The following policy, process, and/or system recommendations are proposed to support the could-be model. These recommendations are intended as a starting point for discussion rather than definitive solutions. Additional research and extensive stakeholder involvement will be required to establish the feasibility of each recommendation, recommend detailed policy revision language as necessary, and support an executive level decision to move forward.

1. **Recommendation** – Adopt enterprise-wide standards for terminology, subgrant/loan application forms, progress reports, and payment requests, to the extent possible given the program-unique requirements imposed by funders.

<table>
<thead>
<tr>
<th>Current Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No statewide policy in this area</td>
</tr>
<tr>
<td>• Each agency develops their own forms to collect information required by the funder</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Problems With Current Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Current forms result in high rates of rework and clarification required (compliance rates are highest where agencies have invested significantly in simplification of forms, recipient training, or system business rules and field validation edits)</td>
</tr>
<tr>
<td>• Complex forms and inconsistent terminology are confusing for recipients, especially if they apply for various programs that all use different forms</td>
</tr>
<tr>
<td>• Non-standard data cannot be compiled across agencies</td>
</tr>
<tr>
<td>• High numbers of complex, unique forms will increase enterprise system development and maintenance costs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improved customer service</td>
</tr>
<tr>
<td>• Faster, better, cheaper grant management business processes for recipients and agencies</td>
</tr>
<tr>
<td>• Better information for better decisions and better results</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impacts &amp; Concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A significant level of standardization is necessary for an effective, affordable system solution</td>
</tr>
<tr>
<td>• May be a huge effort to identify areas where forms can be standardized across agencies and programs</td>
</tr>
<tr>
<td>• A high volume of unique and complex data is expected to continue, due to unique program information requirements imposed by funders</td>
</tr>
<tr>
<td>• The level of success will depend to a large extent on whether agencies have incentive to cooperate in the standardization effort</td>
</tr>
<tr>
<td>• Need to continue to meet all minimum program specific requirements, to ensure continued funding (e.g. agency/grant specific numbers such as the Federal Highway Administration (FHWA) assigned project and appropriation numbers required for federal billings)</td>
</tr>
<tr>
<td>• Additional impacts need to be determined</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Information Services Board (ISB) approval is required for enterprise data standards</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Implementation Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>• This effort will start during the Enterprise Grant, Contract, and Loan Management System project</td>
</tr>
<tr>
<td>• Collect input and requirements from agencies and recipients</td>
</tr>
<tr>
<td>• Analyze requirements and propose terminology and data standards</td>
</tr>
<tr>
<td>• Request ISB approval of proposed enterprise data standards</td>
</tr>
<tr>
<td>• Adopt agreed-upon standards for implementation as part of the project</td>
</tr>
<tr>
<td>• Accommodate program unique variations as required and feasible</td>
</tr>
<tr>
<td>• Develop and implement a communication plan and training strategy</td>
</tr>
</tbody>
</table>
### 2. Recommendation – Establish an enterprise-wide standard for identifying subgrant/loan recipients and a standard process for registering recipients and applicants; require use of the enterprise identifier for payment transactions.  

<table>
<thead>
<tr>
<th>Current Policy</th>
<th></th>
</tr>
</thead>
</table>
| • Often the same grant/loan recipient receives grant awards from several agencies. These recipients are usually registered separately, under different Vendor IDs in each agency’s vendor file in AFRS. The same recipients may also be registered under additional ID numbers in various agency grant management systems.  
• Agencies can register their grant recipients as Statewide Vendors which can be used by every agency but use of the Statewide Vendor is not required.  
• Only Statewide Vendors can be paid by low-cost, low-risk electronic fund transfer.  
• Recipient contract issues such as A133 audit, insurance, and debarment status, non-disclosure agreements, and performance history are currently managed program-by-program and often even contract-by-contract.  
• Only payees are registered, and the current AFRS statewide and agency vendor files only include data needed to process payments and prepare accounts payable reports. |

<table>
<thead>
<tr>
<th>Problems With Current Policy</th>
<th></th>
</tr>
</thead>
</table>
| • If a recipient is registered as an agency vendor, they must notify every granting agency and request an update to their registration information whenever their address or contact name changes.  
• Recipients registered as agency vendors must be paid by warrant, at higher cost and risk.  
• Payments made using agency vendor records cannot reliably be compiled across agencies to determine the total amount paid to a recipient by the state.  
• Information that could be useful for centralized management of contract issues such as A133 audit, insurance, and debarment status, non-disclosure agreements, and performance history is not available.  
• Since there is no process for registering grant applicants, agencies cannot easily communicate with and manage their pools of potential applicants. |

<table>
<thead>
<tr>
<th>Benefits</th>
<th></th>
</tr>
</thead>
</table>
| • Improved customer service.  
• Faster, better, cheaper grant management business processes for recipients and agencies.  
• Better information for better decisions and better results. |

<table>
<thead>
<tr>
<th>Impacts &amp; Concerns</th>
<th></th>
</tr>
</thead>
</table>
| • Enterprise registration is necessary to an effective system solution.  
• Would increase Statewide Vendor management staff workload unless implemented as part of a system solution that includes recipient self-service capabilities.  
• Agencies may resist required use of statewide vendors for subgrant payments.  
• Need to determine whether subgrant expenses are ever 1099 reportable (e.g. is W9 certification required as part of the registration process?)  
• Additional impacts need to be determined. |

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14 This recommendation is not unique to grants management but is part of a larger issue related to statewide vendor identification and management. It will be addressed in more detail in the Vendor Information Management modeling sessions and Supply Chain Value Proposition.
### 2. Recommendation

Establish an enterprise-wide standard for identifying subgrant/loan recipients and a standard process for registering recipients and applicants; require use of the enterprise identifier for payment transactions.  

<table>
<thead>
<tr>
<th>Legalities</th>
<th>Information Services Board (ISB) approval is required for enterprise data standards</th>
</tr>
</thead>
</table>
| **Implementation Strategy** | • Analyze within the context of the larger issues of vendor information management  
• Consider adding agency grant recipient vendor records (not applicant) to the Statewide Vendor file to receive partial benefits (e.g. cross-agency reporting of recipient subgrant expenditures and electronic payment) pending an expanded vendor information management solution  
• Change SAAM policy to require use of statewide vendors instead of agency vendors for payments to recipients  
• Analyze and validate data requirements for centralized management of contract vendors and management of grant applicants (Note: Ideally, this recommendation would be paired with creation of a subgrant web-portal capable of providing notification of grant opportunities to registered applicants)  
• Request ISB approval of proposed enterprise data standards  
• Design and implement applicant and recipient vendor registration processes, preferably with recipient self-service capabilities  
• Develop and implement a communication plan and training strategy |
### 3. Recommendation – Facilitate use of electronic document management and e-signatures to securely transmit and authenticate grant documents.

| **Current Policy** | The majority of agencies require wet-signatures on grant applications, grant contract agreements, progress reports, and payment requests.  
|                   | A few agencies are able to accept documents by email or e-signatures under some circumstances.  
|                   | Acceptance of e-signatures is consistent with the federal Electronic Signatures in Global National Commerce Act, passed in 2000.  
|                   | The project team did not research applicable state law. |

| **Problems With Current Policy** | The need to mail and wait for receipt of subgrant documents with wet signatures slows down the process, increases administrative costs, and cancels out some of the potential benefits of an electronic web-portal system. |

| **Benefits** | Improved customer service  
|             | Faster, better, cheaper grant management business processes for recipients and agencies |

| **Impacts & Concerns** | E-signature capability is necessary to implement an effective system solution.  
|                       | Program-specific regulations may mandate wet-signatures in some cases.  
|                       | Authentication process needs to be sufficient to ensure appropriate level of internal control and prevent fraud.  
|                       | Additional impacts need to be determined. |

| **Legalities** | The Washington Secretary of State’s website provides links to some general information regarding the Electronic Authentication Act and digital signature technology.  
|               | [Digital Signatures and the Electronic Authentication Act](#)  
|               | [Frequently Asked Questions about Digital Signatures](#)  
|               | [Glossary of Digital Signature Terms](#)  
|               | Additional legalities to be identified. |

| **Implementation Strategy** | Research legalities, impacts, and concerns.  
|                           | Collect stakeholder input, including State Auditor.  
|                           | Propose detailed RCW and policy changes.  
|                           | Develop and implement a communication plan and training strategy. |
4. **Recommendation** – Adopt a risk-based, business-rule driven approach to determine review and approval requirements for recipient progress reports and payment requests, and trigger inspections.

<table>
<thead>
<tr>
<th>Current Policy/Process</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Some but not all agencies use a risk-based approach to schedule site inspections</td>
</tr>
<tr>
<td></td>
<td>Review and approval policies varies by agency; however the majority review all recipient progress reports and payment requests in detail</td>
</tr>
<tr>
<td></td>
<td>Some program regulations mandate inspection schedules</td>
</tr>
<tr>
<td></td>
<td>Industry best practices would appear to allow automated payment based on acceptance of progress reports, except in cases where a recipient has a history of problems</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Problems With Current Policy</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100% detailed review of all progress reports and payment requests regardless of recipient performance history is an expensive approach</td>
</tr>
<tr>
<td></td>
<td>Use of statistical sampling, combined with business rules designed to target problems, would provide reasonable assurance of compliance with state policy and maintain high degree of integrity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Faster, better, cheaper grant management business processes for recipients and agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impacts &amp; Concerns</td>
<td>Additional impacts need to be determined</td>
</tr>
<tr>
<td>Legalities</td>
<td>To be identified</td>
</tr>
<tr>
<td>Implementation Strategy</td>
<td>Research legalities, impacts, and concerns</td>
</tr>
<tr>
<td></td>
<td>Collect stakeholder input, including State Auditor</td>
</tr>
<tr>
<td></td>
<td>Propose detailed RCW and policy changes</td>
</tr>
<tr>
<td></td>
<td>Collect and analyze requirements for a possible system solution</td>
</tr>
<tr>
<td></td>
<td>Develop and implement a communication plan and training strategy</td>
</tr>
</tbody>
</table>
5. **Recommendation** – Look for opportunities to standardize performance reporting measurements, possibly aligned with Priorities of Government

| Current Policy/Process | • Performance measures are typically unique to the grant program and may even be mandated by the funder  
| | • One program may have multiple subgrants requiring different performance measurements  
| | • Grant programs consistently report detailed achievements to constituent groups and interested legislators  
| | • Government Management Accountability and Performance (GMAP) requires agencies to report high-level measures that describe results achieved |
| Problems With Current Policy | • Difficult to translate some current performance measures to outcomes, as expected for GMAP reporting  
| | • Grant managers aren’t sure what information will be useful for GMAP reporting  
| | • Difficult to effectively oversee recipients and measure and report results  
| | • Different report formats may be required, even with the same agency or for the same program  
| | • Demographics are requested in different distributions, requiring re-counts for different grants. For example, some want age breakdowns of 0-5, 6-12, and 13-18; while others want ages of 0-2, 3-6, 7-9, and 10-18 |
| Benefits | • Better information for better decisions and better results  
| | • Improved program accountability |
| Impacts & Concerns | • Grant program regulations sometimes define the performance reporting measures  
| | • Federal fund sources may require different performance measures than state or local funding sources, for the same project  
| | • Additional impacts need to be determined |
| Legalities | • To be identified |
| Implementation Strategy | • Research legalities, impacts, and concerns  
| | • Collect stakeholder input, including executive and policy  
| | • Evaluate whether the performance measure, activity, POG hierarchy used for BASS might provide a good starting point  
| | • Propose detailed RCW and policy changes  
| | • Develop and implement a communication plan and training strategy |
### 6. Recommendation – Collect actionable information and use it to improve program service delivery

| Current Process | • Agencies collect data in silos, provide services, and report to funders  
• Grant program data is not readily available to stakeholders (except for data in the Interagency Committee for Outdoor Recreation PRISM system)  
• Cross program and cross-agency data is not available |
|-----------------|---------------------------------------------------------------|
| Problems With Current Policy | • Lack of enterprise data inhibits ability to:  
  o Report statewide achievements and statistics, such as total grant dollars received and distributed to whom, where, and for what  
  o Promote strategic planning and decision-making  
  o Identify service delivery issues and recommend improvements  
  o Collaborate and coordinate on relate programs across agencies  
  o Manage grant and loan programs proactively  
  • Difficult to effectively oversee grantees and measure the results of the grantee’s work throughout the grant  
  • No visibility into the grant management process to identify areas needing improvement  
  • Responding to public disclosure requests is tedious, especially since much of the information is only available in hard copy  
  • Difficult to demonstrate unmet need since data from eligible but unsuccessful grant applications is not captured |
| Benefits | • Improved customer service  
• Faster, better, cheaper grant management business processes for recipients and agencies  
• Better information for better decisions and better results  
• Maximized return on investment |
| Impacts & Concerns | • Disparate data across agencies needs evaluation and standardization before statewide analysis can be successful  
• Additional impacts need to be determined |
| Legalities | • To be identified |
| Implementation Strategy | • Research legalities, impacts, and concerns  
• Collect stakeholder input  
• Propose detailed RCW and policy changes  
• Develop and implement a communication plan and training strategy |
7. **Recommendation** – Adopt federal grant management standards for forms, agreement terms and conditions, cost allocation, and cost categories statewide, as they become available through federal initiatives such as the National Grants Partnership.

| Current Policy | • Grant management processes are largely dependent on policies established by federal agencies  
|               | • A wide variety of applications, terms and conditions, allocation practices, and cost categories are often mandated by funders  
|               | • Agencies are often required to impose these mandates on subgrant recipients  
|               | • The National Grants Partnership was formed in 2000 to streamline grant processes across federal agencies and make them more efficient and less burdensome; this initiative has already generated some improvements and additional progress is expected over the next decade  
|               | • Improvements are adopted agency-by-agency  
| Problems With Current Policy | • Excessive process diversity among grant programs increases administrative time and expense to manage the variations  
| | • Application and reporting forms and processes for recipients are complex and error-prone  
| | • Complex forms and inconsistent terminology are confusing for recipients, especially if they apply for various programs that all use different forms  
| | • Non-standard data cannot be compiled across agencies  
| | • High numbers of complex, unique forms will increase enterprise system development and maintenance costs  
| | • Takes too long for improvements to be implemented across state government for the benefit of our customers  
| Benefits | • Improved customer service  
| | • Faster, better, cheaper grant management business processes for recipients and agencies  
| | • Better information for better decisions and better results  
| Impacts & Concerns | • Federal standardization may vary from other fund source requirement  
| | • Federal standardization and streamlining effort began with Public Law 106-107, the *federal Financial Assistance Management Improvement Act*; results are slow in coming  
| | • New federal standards may conflict with state standards developed to support the EGCLMS project.  
| | • Additional impacts need to be determined  
| Legalities | • To be identified  
| Implementation Strategy | • Assign a recommendation owner who can facilitate cross-agency adoption of improvements as they become available  
| | • Research legalities, impacts, and concerns  
| | • Collect stakeholder input  
| | • Propose detailed RCW and policy changes  
| | • Develop and implement a communication plan and training strategy |
8. **Recommendation** – Establish an enterprise electronic grants management system, integrated with state financial systems that would serve as a grant manager’s “workbench”. The workbench would provide access to both grant and financial data, to help managers administer grant programs more efficiently and make better-informed decisions.

| Current Situation | • No enterprise system solution available  
|                  | • Agency silo solutions, primarily paper-based with duplicative data-entry processes and not integrated with state financial systems  
|                  | • Some agencies have no systems, and manage grant dollars with fragile desktop tools |

| Problems With Current Situation | • Difficulty reporting statewide achievements and statistics  
|                                | • Excessive process diversity among grant programs  
|                                | • Ineffective coordination of related programs across agencies  
|                                | • Time-consuming and error-prone paper-based processes  
|                                | • Too much reliance on fragile desktop tools/agency silo systems, not integrated to statewide financial systems  
|                                | • Inadequate interfaces with state financial systems, leading to effort wasted on duplicate entry in non-standardized tools (Excel, Access, or agency-specific databases), manual financial and program reconciliation, manual reentry of repayment information, manual report creation, and a manual closeout process |

| Benefits | • Faster, better, cheaper grant management business processes for agencies  
|          | o Provides visibility into the entire grant management process from beginning to end  
|          | o Makes it easier, faster, and less costly for potential recipients and agency managers to prepare and submit grant applications, monitor progress, review expenditures, and request reimbursement  
|          | o Reduces time spent responding to public disclosure requests to the extent data can be made directly available to the public or can be more easily compiled via enterprise grants system  
|          | • Better information for better decisions and better results  
|          | o Proactive management of grant programs  
|          | o Moves focus from administration to service delivery and performance  
|          | • Eliminates the costs of continuing investments in development and operation of agency-unique grant management systems |

| Impacts & Concerns | • Agencies that have developed internal grant processing systems may be reluctant to move to the enterprise solution, since some customized functionality may not be available in an enterprise system.  
|                   | • Variation of agency technical sophistication will require varying degrees of change management and training.  
|                   | • System must be flexible enough to allow for agency and grant requirement variations  
|                   | • Additional impacts need to be determined |

| Legalities | To be identified |

| Implementation Strategy | • Obtain approval and funding  
|                        | • Conduct feasibility study  
|                        | • Research legalities, impacts, and concerns  
|                        | • Collect stakeholder input  
|                        | • Develop and implement a communication plan and training strategy |
### 9. Recommendation – Create an enterprise web-portal for grant/loan recipient self-service including advertisement, submission of applications, progress and payment requests, electronic communications and collection of enterprise-wide subgrant data

<table>
<thead>
<tr>
<th>Current Situation</th>
<th>Problems With Current Situation</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No enterprise system solution available</td>
<td>• Difficulty finding information about what funding is available for what purposes and who is eligible to apply</td>
<td>• Improved customer service</td>
</tr>
<tr>
<td>• Agency silo solutions, primarily paper-based with duplicative data-entry processes and not integrated with state financial systems</td>
<td>• Different processes, application forms, reporting forms, requirements, and contacts for every agency and program</td>
<td>o Empowers potential grant applicants to find and apply for the funding needed to accomplish projects that deliver real value to and on behalf of citizens</td>
</tr>
<tr>
<td>• Some agencies have no systems, and manage grant dollars with desktop tools</td>
<td>• Lengthy and inaccessible application processes</td>
<td>o Makes it easier, faster, and less costly to prepare, submit, and review grant applications, monitor projects, and process payments</td>
</tr>
<tr>
<td>• Agency silo solutions, primarily paper-based with duplicative data-entry processes and not integrated with state financial systems</td>
<td>• Too much time and effort spent filling out forms and making corrections</td>
<td>• Faster, better, cheaper grant management business processes for recipients and agencies</td>
</tr>
<tr>
<td>• Some agencies have no systems, and manage grant dollars with desktop tools</td>
<td>• Difficulty reporting statewide achievements and statistics, such as total grant dollars received and distributed to whom, where, and for what</td>
<td>o Provides visibility into the entire subgrant management process from beginning to end</td>
</tr>
<tr>
<td></td>
<td>• Excessive process diversity among grant programs</td>
<td>o Makes it easier, faster, and less costly to prepare, submit, and review grant applications, monitor projects, and process payments</td>
</tr>
<tr>
<td></td>
<td>• Ineffective coordination of related programs across agencies</td>
<td>o Reduces time spent responding to public disclosure requests to the extent data can be made directly available to the public or can be more easily compiled via enterprise grants system</td>
</tr>
<tr>
<td></td>
<td>• Time-consuming and error-prone paper-based processes</td>
<td>• Better information for better decisions and better results</td>
</tr>
<tr>
<td></td>
<td>• Too much reliance on fragile desktop tools and agency silo systems, not integrated to statewide financial systems</td>
<td>o Provides a rich source of project and financial information for strategic planning, benchmarking, performance-based budgeting, and proactive management of grant programs;</td>
</tr>
<tr>
<td></td>
<td>• Difficulty overseeing recipients and measuring the results of their performance effectively throughout the life of the grant, and especially for long-term monitoring when required</td>
<td>o Provides the ability to quantify and demonstrate unmet service delivery needs, because data about eligible applications that exceed available funding can be captured</td>
</tr>
<tr>
<td></td>
<td>• Inadequate interfaces with state financial systems, leading to effort wasted on duplicate entry in non-standardized tools (Excel, Access, or agency-specific databases), manual financial and program reconciliation, manual reentry of repayment information, manual report creation, and a manual closeout process</td>
<td></td>
</tr>
</tbody>
</table>
## 9. Recommendation

Create an enterprise web-portal for grant/loan recipient self-service including advertisement, submission of applications, progress and payment requests, electronic communications and collection of enterprise-wide subgrant data

<table>
<thead>
<tr>
<th>• Maximised return on investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Facilitates exchange of information to promote knowledge sharing and collaboration across grant making agencies, and make informed decisions regarding the billions of dollars of grant and loan funds</td>
</tr>
<tr>
<td>o Moves focus from administration to service delivery and performance</td>
</tr>
<tr>
<td>• Eliminates the costs of continuing investments in development and operation of agency-unique subgrant management systems</td>
</tr>
</tbody>
</table>

### Impacts & Concerns

- Solution must accommodate recipients who may not be comfortable with or have access to the enterprise subgrant portal, to ensure fair and equal access to public funding opportunities
- Additional impacts need to be determined

### Legalities

To be identified

### Implementation Strategy

- This effort will start during the Enterprise Grant, Contract, and Loan Management System (EGCLMS) project
- Collect input and requirements from agencies and recipients
- Determine scope for EGCLMS project
- Define detailed requirements
- Determine how remaining scope will be accommodated
- Develop and implement a communication plan and training strategy
8 Proposed Candidates for Enterprise Data Standards

Implementation of the could-be vision provides opportunities for data standardization. Following is a view of grant and subgrant management related enterprise data entity candidates:

Definitions for these candidate enterprise entities follow:

**Shared Data --**

- **Program**
  - (ID, Name, Description, Etc.)
- **People**
  - (Name, Role, Etc.)
- **GeoSpatial**
  - (Location, District, Etc.)
- **Budget**
  - (Funds, Sources, Rules, Etc.)

**Data Specific to Sub-Grant Management --**

- **Contract**
  - (Number, Program, Description, Etc.)
- **Recipient**
  - (Name, Role, Address, Etc.)
- **Project**
  - (ID, Description, Status, Etc.)
- **Account**
  - (Expenses, Receipts, Etc.)

Program

Information about the objectives, functions, tasks, and planned results that define the purpose for funding

People

Demographic information about individuals and organizations involved with the program

GeoSpatial

Information about the location of program related objectives, functions, tasks, planned results, and people

Budget

Information about the funding for program related objectives, functions, tasks, planned results, and people

Contract

Information about the legal instrument that specifies program and recipient obligations

Recipient

Demographic information about the organization or individual receiving budgeted funds to meet the objectives of the program

Project

Information about groups of tasks designed to meet certain program objectives and deliver certain planned results

Account

Information about the use of program budget for project tasks to meet certain program objectives and deliver certain planned results

These candidate entities and definitions are intended as a starting point for discussion. Additional research and extensive stakeholder involvement will be required to further define the entities and their attributes, and determine where enterprise standards are needed to support business objectives for grant and subgrant management. Information Services Board (ISB) approval will be required to finally establish the agreed upon standards.
Some of these entities and their logical attributes might also be shared across Roadmap business processes. The extent of such sharing cannot be completely understood until additional process models are completed.
9 Conclusion and Next Steps

The next step for the subgrant management process is to complete the feasibility study currently scheduled to support an Enterprise Grant, Contract, and Loan Management System. This study will determine the extent to which an Enterprise Grant, Contract, and Loan Management System will address subgrant management recommendations included in this report.

Next steps for grant management are highly dependent on the federal government’s progress on the National Grants Partnership. Presumably, agencies will continue to adopt emerging federal standards, as they become required by funders.

No action is expected on other grant management aspects of this report or any subgrant management recommendations not fully embraced by the EGCLMS project until the Roadmap Advisory Group and Executive Sponsors identify these processes as a priority. At that time, the following steps are proposed:

- Identify a business owner for the could-be models and recommendations;
- Transition responsibility for the process to the business owner; and
- Communicate and gain momentum for change.
## Appendix A – Washington State Grant Revenues

<table>
<thead>
<tr>
<th>State Fiscal Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal grants</td>
<td>$6,615,497,753</td>
<td>$6,606,294,491</td>
<td>$6,381,380,753</td>
</tr>
<tr>
<td>State grants recorded as revenues</td>
<td>248,298,388</td>
<td>287,613,377</td>
<td>363,125,743</td>
</tr>
<tr>
<td>Private/local grants</td>
<td>6,100,404</td>
<td>244,768</td>
<td>516,439</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>$6,869,896,545</td>
<td>$6,894,152,636</td>
<td>$6,745,022,935</td>
</tr>
</tbody>
</table>

The following 25 agencies received over $1 million dollars in grant revenues during state fiscal year 2005, and account for 98 percent of total grant dollars received by the state that year. Eight of these agencies participated in the grant management focus group (shaded rows).

<table>
<thead>
<tr>
<th>Agency #</th>
<th>Agency Name (sorted by descending revenues)</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>300</td>
<td>Department of Social and Health Services</td>
<td>$4,293,981,353</td>
</tr>
<tr>
<td>350</td>
<td>Superintendent of Public Instruction</td>
<td>$708,982,695</td>
</tr>
<tr>
<td>405</td>
<td>Department of Transportation</td>
<td>$640,710,950</td>
</tr>
<tr>
<td>540</td>
<td>Employment Security Department</td>
<td>$271,303,848</td>
</tr>
<tr>
<td>303</td>
<td>Department of Health</td>
<td>$262,726,135</td>
</tr>
<tr>
<td>103</td>
<td>Community, Trade, and Economic Development</td>
<td>$117,214,346</td>
</tr>
<tr>
<td>245</td>
<td>Military Department</td>
<td>$80,733,072</td>
</tr>
<tr>
<td>461</td>
<td>Department of Ecology</td>
<td>$57,034,058</td>
</tr>
<tr>
<td>477</td>
<td>Department of Fish and Wildlife</td>
<td>$53,459,945</td>
</tr>
<tr>
<td>467</td>
<td>Interagency Committee for Outdoor Recreation</td>
<td>$26,911,889</td>
</tr>
<tr>
<td>305</td>
<td>Department of Veterans’ Affairs</td>
<td>$26,113,468</td>
</tr>
<tr>
<td>490</td>
<td>Department of Natural Resources</td>
<td>$17,194,054</td>
</tr>
<tr>
<td>105</td>
<td>Office of Financial Management</td>
<td>$12,354,759</td>
</tr>
<tr>
<td>235</td>
<td>Department of Labor and Industries</td>
<td>$12,279,403</td>
</tr>
<tr>
<td>310</td>
<td>Department of Corrections</td>
<td>$11,293,372</td>
</tr>
<tr>
<td>225</td>
<td>Washington State Patrol</td>
<td>$10,825,554</td>
</tr>
<tr>
<td>085</td>
<td>Office of the Secretary of State</td>
<td>$8,281,074</td>
</tr>
<tr>
<td>228</td>
<td>Washington Traffic Safety Commission</td>
<td>$8,145,476</td>
</tr>
<tr>
<td>315</td>
<td>Department of Services for the Blind</td>
<td>$7,346,082</td>
</tr>
<tr>
<td>465</td>
<td>State Parks and Recreation Commission</td>
<td>$3,377,662</td>
</tr>
<tr>
<td>107</td>
<td>Health Care Authority</td>
<td>$1,732,204</td>
</tr>
<tr>
<td>150</td>
<td>Department of General Administration</td>
<td>$1,515,765</td>
</tr>
<tr>
<td>100</td>
<td>Office of the Attorney General</td>
<td>$1,245,129</td>
</tr>
<tr>
<td>090</td>
<td>Office of the State Treasurer</td>
<td>$1,056,131</td>
</tr>
<tr>
<td>075</td>
<td>Office of the Governor</td>
<td>$1,033,736</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>$6,636,854,160</strong></td>
</tr>
</tbody>
</table>

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15 Source: OFM Statewide Accounting Services query of CAFR database. Figures include all grant proceeds recorded as revenues by agencies except higher education agencies.

16 Almost all state grant proceeds are excluded because they are received by agencies by appropriation rather than as revenues. Actual state grants are significantly higher, but the total amount is not separately reportable in state-level financial records.
Appendix B – Washington State Subgrant Expenditures

<table>
<thead>
<tr>
<th>State Fiscal Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal funds</td>
<td>$4,044,690,107</td>
<td>$4,358,798,471</td>
<td>$4,416,013,498</td>
</tr>
<tr>
<td>State funds</td>
<td>$12,916,156,865</td>
<td>$11,129,172,873</td>
<td>$10,886,644,186</td>
</tr>
<tr>
<td>Private/Local funds</td>
<td>$151,462,491</td>
<td>$178,115,891</td>
<td>$196,496,101</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$17,112,309,463</td>
<td>$15,666,087,235</td>
<td>$15,499,153,785</td>
</tr>
</tbody>
</table>

The following 29 agencies distributed over $1 million dollars in subgrants during FY 2005, and account for over 99 percent of total grant dollars distributed. Six of these agencies participated in the grant management focus group (shaded rows).

<table>
<thead>
<tr>
<th>Agency #</th>
<th>Agency Name (sorted by descending expenditures)</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>300</td>
<td>Department of Social and Health Services</td>
<td>$6,667,726,493</td>
</tr>
<tr>
<td>350</td>
<td>Superintendent of Public Instruction</td>
<td>$6,025,657,823</td>
</tr>
<tr>
<td>540</td>
<td>Employment Security Department</td>
<td>$977,257,115</td>
</tr>
<tr>
<td>103</td>
<td>Community, Trade, and Economic Development</td>
<td>$460,071,831</td>
</tr>
<tr>
<td>405</td>
<td>Department of Transportation</td>
<td>$273,086,393</td>
</tr>
<tr>
<td>303</td>
<td>Department of Health</td>
<td>$256,295,865</td>
</tr>
<tr>
<td>345</td>
<td>State Board of Education</td>
<td>$173,824,616</td>
</tr>
<tr>
<td>461</td>
<td>Department of Ecology</td>
<td>$144,933,546</td>
</tr>
<tr>
<td>310</td>
<td>Department of Corrections</td>
<td>$100,970,585</td>
</tr>
<tr>
<td>407</td>
<td>Transportation Improvement Board</td>
<td>$98,753,868</td>
</tr>
<tr>
<td>245</td>
<td>Military Department</td>
<td>$82,590,431</td>
</tr>
<tr>
<td>467</td>
<td>Interagency Committee for Outdoor Recreation</td>
<td>$80,567,353</td>
</tr>
<tr>
<td>406</td>
<td>County Road Administration Board</td>
<td>$32,955,495</td>
</tr>
<tr>
<td>235</td>
<td>Department of Labor and Industries</td>
<td>$15,155,480</td>
</tr>
<tr>
<td>055</td>
<td>Administrative Office of the Courts</td>
<td>$11,327,224</td>
</tr>
<tr>
<td>105</td>
<td>Office of Financial Management</td>
<td>$11,250,476</td>
</tr>
<tr>
<td>471</td>
<td>State Conservation Commission</td>
<td>$10,008,597</td>
</tr>
<tr>
<td>085</td>
<td>Office of the Secretary of State</td>
<td>$7,438,645</td>
</tr>
<tr>
<td>477</td>
<td>Department of Fish and Wildlife</td>
<td>$7,372,529</td>
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<tr>
<td>228</td>
<td>Washington Traffic Safety Commission</td>
<td>$5,732,222</td>
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<td>490</td>
<td>Department of Natural Resources</td>
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<tr>
<td>227</td>
<td>Washington State Criminal Justice Training Commission</td>
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<tr>
<td>305</td>
<td>Department of Veterans’ Affairs</td>
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<tr>
<td>315</td>
<td>Department of Services for the Blind</td>
<td>$3,290,079</td>
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<td>225</td>
<td>Washington State Patrol</td>
<td>$2,416,980</td>
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<tr>
<td>495</td>
<td>Department of Agriculture</td>
<td>$2,371,035</td>
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<tr>
<td>387</td>
<td>Washington State Arts Commission</td>
<td>$1,949,069</td>
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<tr>
<td>240</td>
<td>Department of Licensing</td>
<td>$1,940,466</td>
</tr>
<tr>
<td>150</td>
<td>Department of General Administration</td>
<td>$1,231,257</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td></td>
<td><strong>$15,468,326,474</strong></td>
</tr>
</tbody>
</table>

17 Source: OFM Statewide Accounting Services query of CAFR database. Figures include all grant expenditures charged to sub-objects NA (Direct Payments to Clients), NB (Payments to Providers for Direct Client Services), NR (Loan Disbursements) and NZ (Other Grants and Benefits) by agencies except higher education. These expenditures may not all be subgrants and some subgrants may be charged to other sub-objects.
## Appendix C – Detailed Assumptions on Common Processes and Agency Variations

<table>
<thead>
<tr>
<th>Process Step</th>
<th>Common Across Agencies</th>
<th>Sample Agency Variations</th>
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</thead>
<tbody>
<tr>
<td><strong>In General</strong></td>
<td>Grant programs are managed according to statute and rule</td>
<td><strong>Organization</strong>&lt;br&gt;Grant programs are managed centrally&lt;br&gt;Responsibility for grant programs is split between fiscal, budget, and/or program:&lt;br&gt;Programs apply for federal grants, approve expenditures, process progress reports; Program Budget Analysts assign AFRS coding; Chief Financial Officer or Deputy Director sign all applications and awards for federal funds. Fiscal does all the financial accounting, computes/records indirect&lt;br&gt;Depends on the grant; each program is responsible for procurement and service delivery. However, for some grants the financial reporting is done fiscal; the final reconciliation of all grants is done by fiscal&lt;br&gt;**Programs apply for federal grants, approve expenditures, process progress reports. Fiscal does the financial accounting, computes/records indirect&lt;br&gt;Program approves applications, reviews progress reports, signs awards, makes payments to recipients. Fiscal prepares final accounting reconciliation to close federal/state grants and follow-up on receivables due from recipients (with program staff assistance)&lt;br&gt;How responsibilities are split depends on the funding source – state or federal&lt;br&gt;<strong>Policies</strong>&lt;br&gt;Agency level rules govern grant programs&lt;br&gt;Agency level rules and program level rules govern grant programs&lt;br&gt;<strong>Process steps that involve the most rework for your agency:</strong>&lt;br&gt;When completing federal application forms, any mistake on the forms could require us to redo the entire form. About 10% of the time, we are asked for clarifications and additional information – which may mean some rework or it could mean providing additional information.&lt;br&gt;Establishing grants and writing grant proposals&lt;br&gt;Interpreting what the Grantor is really requesting (e.g. State Fiscal Year vs. Federal Fiscal Year, etc.)&lt;br&gt;Setting up account coding, calculating and applying indirect costs, completing the FSR</td>
</tr>
<tr>
<td>Process Step</td>
<td>Common Across Agencies</td>
<td>Sample Agency Variations</td>
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</table>
| Allocate Funds to State Programs | - In simple cases a fund stream might relate to one state program and be the only funding source for the program  
- More commonly the relationship between funding sources, state programs, and grant programs is many-to-many | How agency learns about other grant opportunities  
- State law for entitlement programs  
- State funding source for discretionary grants (e.g. state tax on hazardous substances)  
- State budget legislation  
- New state legislation  
- Foundation newsletters and email groups  
- Foundations on line at http://www.foundations.org/page2.html |

Federal grants application method  
- Complete and submit application electronically via web  
- Complete paper application and mail  
- Email application documents  
- For some grants, funds are received without needing to apply

Application documents for non-state funds  
- Standard Form 424, Application for Federal Assistance  
- Individual Form 424 for each individual project applied for within a grant program  
- Standard Form 424, plus additional documentation  
- Entire application package is unique to the specific grant program  
- Some programs have detailed manuals to apply for funds

Account coding  
- A unique account code combination is assigned for each grant program  
- Grant funds are tracked in an agency system so it is not necessary to assign a unique account
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<th>Process Step</th>
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</table>
| Program                              |                                                                                        | code combination  
▪ AFRS project codes are assigned to each federal grant award and tracked in agency system by both federal grant number and AFRS project number  
▪ A unique cost objective is assigned to each grant; unique program indexes, allocation codes, sub objects, project codes, and appropriation indexes may be used also  
**Data tracked in agency systems**  
▪ Grant/loan number  
▪ Original funding biennium  
▪ Detailed scope of work  
▪ Performance objectives  
▪ Performance schedule                                                            |
| Verify or Request Budget Authority   | ▪ An unanticipated receipt appropriation is requested when the receipt of grant funding streams does not coincide with the state biennium and supplemental budget cycles  
▪ Grant programs are managed within both the funding period assigned by the grantor and the state biennial budget period. | **Grant budget methodology**  
▪ Grant funds are routinely included in agency budget requests  
▪ Unanticipated receipt are made if the actual grant award exceeds budgeted levels or for new grant programs  
▪ Recurring grants are included in the agency budget request; unanticipated receipt is processed for new grants. If the new grant becomes a recurring grant, it would be included in the next agency budget request  
**Allotment methodology**  
▪ Detailed allotments are made for the biennium, then adjusted when actual grant awards become known  
▪ Detailed allotments are not made until actual grant awards are known  
▪ Allotments are made based on previous experience  
▪ Spending plans are initiated in agency grant management systems, over the life cycle of the grant  
**Grant award budget tracking**  
▪ Is done in AFRS for grant s with periods that coincide with state budget periods  
▪ Is done in agency system  
▪ Is done in Excel or ACCESS                                                          |
| Subgrant Management (see below)      |                                                                                        | ▪ Direct grant costs are charged to the grant's account code combination as they are incurred,                                                            |
### Process Step: Common Across Agencies vs. Sample Agency Variations

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<th>Process Step</th>
<th>Common Across Agencies</th>
<th>Sample Agency Variations</th>
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</table>
|              | or pooled, then allocated to grants according to the agency’s cost allocation plan. | official record  
- Agency uses internal system to track the detail on each grant and AFRS project coding to track the grant at a higher level  
- Spreadsheets are used in cases where more details and notes are required for allocation of funds or to explain certain situations  
- Total expenditures are tracked in AFRS, but budget vs. spend at line (sub object) level is tracked in spreadsheets for the majority of grants. The general ledger is not used to track expenditures at a grant level. |

### Apply Indirect Expenses

- Agencies comply with the cost allocation and allowable cost principles in OMB circulars (SAAM 50.20.40)
- Unless prohibited by federal/state laws or regulations or formal funding limitations, operating agencies include an allocation from the state central service cost allocation plan (SWCAP) in their agency indirect cost/cost allocation pool.
- Amounts recovered, for SWCAP cost allocation amount are deposited as a recovery in the state General Fund 001 utilizing revenue source 0448.

### Cost allocation method for grant funds

- Single negotiated indirect cost rate
- Multiple negotiated indirect costs rates
- Actual administrative costs are allocated
- Allocation process includes assignment of direct costs to the appropriate grant program

### Allocation calculations

- Automatically calculated by agency system
- Manually calculated (e.g. using Excel)
- A monthly process is performed for most grants to record indirect earned; for those grants that have special conditions or complex budgets, indirect is calculated manually

### Cost allocation entries

- Interfaced to AFRS from cost allocation system
- Created in AFRS by integrated cost allocation system
- Uploaded to AFRS from Financial Toolbox
- Manually JV’d to AFRS
- Created in Agency general ledger from integrated cost allocation system (DOT)

### Frequency of indirect cost allocation

- Daily
- Monthly
- Quarterly
- Monthly and other

### Statewide Indirect costs (SWCAP)

- Agency includes charges for SWCAP to all grants
- Agency charges SWCAP costs to some grants
- Agency does not charge grants for SWCAP costs
<table>
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<th>Process Step</th>
<th>Common Across Agencies</th>
<th>Sample Agency Variations</th>
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<tbody>
<tr>
<td><strong>Draw Down</strong>&lt;br&gt;Letter of Credit**</td>
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</table>
| ▪ Agencies comply with the federal Cash Management Improvement Act (CMIA) in drawing cash for grant programs | **Cash draw preparation**  
▪ All grant programs are covered by letters of credit  
▪ All major grant programs provide a letter of credit  
▪ Some grant programs have a letter of credit  
▪ Agency draws cash based on AFRS expenditure data  
▪ Agency draws cash based on Treasury Management System (TMS) data  
▪ Agency maintains spreadsheets to calculate amounts that can be drawn on federal grant programs  
▪ Agency project billing system accumulates costs to grants and bills either weekly or monthly depending on federal entity. Most of DOT’s federal dollars from the Federal Highway Administration (FHWA) and are billed weekly. These costs are billed on a reimbursement basis for expenditures that were previously incurred. For FHWA billings, funds are received by the OST the same day the funds are requested. Billing detail is transmitted electronically by agency system to FHWA’s billing system by the 7-digit federal grant project number (required and assigned by federal agency; Example: PROJ: 03950 SUB-PROJ: 55 PHASE: 4)  
**Form used for cash draws**  
▪ ASAP (Automatic Standard Application for Payments) is used to request draw downs; funds are received the next business day or within 3 days  
▪ Form 270 is used with a corresponding receivable set up for each draw and funds are received in approximately 1-2 weeks  
▪ FHWA funds are received the same day  
**Accounts Receivable**  
▪ Letter of credit draws are recorded as receivable when requested  
▪ Agency project billing system books entries for accounts receivable and revenue  
▪ No accounting entry is made until funds are received  
▪ Receivable entry is only made for funds not yet received at fiscal year end  
▪ A receivable is recorded at the end of each fiscal month in the Due from Federal Government account. This amount is determined by comparing Federal Expenditures incurred vs. Federal Revenues received. The difference by funding sources is recorded as an Accounts Receivable.  
| **Prepare Invoice**  
▪ State grant programs do not require invoices or financial reporting from the primary agency  
▪ State sub-object | **For grant programs with no letter of credit, invoices requesting reimbursement are:**  
▪ Submitted monthly  
▪ Submitted quarterly  
▪ Submitted by mail  
▪ Submitted electronically  
**Funds are usually received within:**  
▪ Approximately 1-2 weeks
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<tr>
<th>Process Step</th>
<th>Common Across Agencies</th>
<th>Sample Agency Variations</th>
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</table>
| Record Receipt | Receipts are coded to the specific grant program | ▪ 25 days  
▪ 1 to 2 business days if invoice is transmitted electronically  
▪ 4 to 6 weeks if invoice is mailed  
Accounts Receivable  
▪ A receivable is recorded when reimbursement is requested  
▪ No accounting entry is made until funds are received  
▪ Receivable entry is only made for funds not yet received at fiscal year end |
| Prepare Interim Reports | ▪ Interim reporting is done by:  
▪ Program project officer prepares progress reports  
▪ Fiscal prepares financial reports  
Fiscal reporting method  
▪ Standard form 269 Financial Status Report (FSR) is prepared quarterly  
▪ Many grants require supplemental information in addition to the FSR 269  
▪ Federal Cash Transaction forms (Form 272) are required to summarize cash  
▪ Some federal programs do not require interim financial reporting in addition to payment requests  
▪ State programs do not generally require fiscal reports  
▪ Often requested to resend reports to federal agencies  
Program Progress reporting method  
▪ The same standard form is used for all grant programs  
▪ The same standard form is used for most grant programs  
▪ Annual Consolidated Award Performance Evaluation Report (CAPER) is used for most grant programs?  
▪ A unique form is required for each grant programs  
▪ Some federal programs do not require progress reporting  
▪ State programs do not require progress reporting |
| Do Financial Close-Out | Financial close-out can occur independently of | Reporting method |
## Process Overview

<table>
<thead>
<tr>
<th>Process Step</th>
<th>Common Across Agencies</th>
<th>Sample Agency Variations</th>
</tr>
</thead>
</table>
| Do Program Close-Out | grant project close-out if the project has ongoing reporting necessary for Long Term Monitoring | ▪ Same form and method is used for final report as for progress reports  
▪ Different form or method is used  
▪ Some grants require additional information at close-out  
▪ Different federal agencies have different requirements  
▪ Close-out report, monitoring schedule, annual review (if agency is pass-through) reports are linked to billing requests  
▪ Close out reports and processes are different for each program  |
| Monitor Long-Term (if required) | | ▪ Fiscal completes the FSR form 269  
▪ Program manager reviews  
▪ Managing director signs close-out report  
▪ Program manager may provide some additional information  
▪ Fiscal, in coordination with programs  |

### Close-out requirements
- Listing of equipment purchased (some grants)
- Copy of statewide cost allocation plan (SWCAP) sometimes
- Each project within a grant program is closed out individually. Each requires the final bill from the recipient and the final inspection report completed by program staff in order to be closed out with the FHWA
- Final bill from recipient and final inspection completed by program staff required prior to close-out with the FHWA
- Direct entry into FHWA’s system to report final obligations and expenditures to close out grant

### Subgrant Management
- State agencies must have authority to award state grants, as evidenced by language in Revised Code of Washington (RCW). The RCW may reference “grants” specifically,
- Process steps that require the most rework for the agency or subgrant recipients
  ▪ Entering cost estimate information
  ▪ Reviewing and prioritizing applications, monitoring and reporting
  ▪ Developing the contracts
  ▪ Monitoring subgrants for federal requirements for sub-recipients
  ▪ Processing and reviewing grant applications
  ▪ Processing recipient payment requests, either for disallowed costs or for basic mathematical errors
  ▪ Duplicate data entry into spreadsheets and individual databases to track data such as total
<table>
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<tr>
<th>Process Step</th>
<th>Common Across Agencies</th>
<th>Sample Agency Variations</th>
</tr>
</thead>
</table>
| Establish Subgrant Program | or agencies may have “implied” granting authority | grant amounts to recipients, how much each recipient has spent; what legislative district are they in, type of grant, and contract balance. Also, a significant amount of data has to be re-entered into existing contracts/grants/loans system for close-outs since original subgrant info is not tied to close-out data  
- Processing recipient payment requests |
| Solicit Recipients | | |
| | ▪ If state law, agency rule, or agency policy define procedures for an agency’s state grants, then those laws, rules, or policies must be followed  
▪ Subgrant/loan programs are managed according to statute and rule | Step includes  
- Agency or program develops WACs, policies, and procedures for each program  
- Agency or program develops funding priority plans and the criteria used to award funding for each specific grant program  
- Program managers determine how the grant will be spent and hire staff or procure contracts as needed to fulfill the requirements of the grant  
- Funding plan is based on local priorities at the state level (e.g. salmon recovery)  
- Agency develops action plans  
- Plans are not required for all programs  
Data tracked in agency PRISM system (partial list)  
- Many tables specific to subgrant program such as: primary and secondary sponsor/recipient, state match, sponsor match, contact person, contact type, telephone(s), title, manager, program name, project name, project type, project status, item status, acquisition information (e.g. property name, acres, date to be acquired, value determination, purchase type, land characteristics detail, other item, estimated cost), non-acquisition cost details (element, item, description, unit, quantity, unit cost, tax, total cost), location, permits, attachments, inspection details, evaluation details, schedules, etc |

How advertisement is drafted  
- Draft document is routed electronically for review (electronic workflow)  
- Draft document is routed via email for review  
- Draft document is printed and hand-delivered for review  

How potential applicants are notified of grant/loan opportunity  
- Posts opportunity to an agency website  
- Publishes notices in one or more newspapers  
- Mails or faxes opportunity only to current recipients  
- Mails opportunity to a lists of current and potential recipients  
- Emails opportunity to current and/or potential recipients  
- Agency system is used to email or mail notices to newspapers, previous, current and potential recipients, and interested individuals  
- Annual funding cycle announcements are sent to a mailing list  
- Application workshops are held across the state to provide potential applicants with information. |
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<th>Process Step</th>
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</thead>
</table>
| Receive & Review Applications | resources, and technical assistance on the application process and paperwork necessary to compete for grant and loan dollars  
- Peer staff develop leads at local level  
- Agency may use any of these methods, depending on the grant | |
| Application forms | Each program requires separate application  
- Some integrated programs can use combined application  
- Application process varies by program | |
| Receive applications | Applications received by email  
- Applications received by mail  
- Applications received partially via email with supporting documentation via mail  
- Applications are completed and submitted through agency system (supporting materials may be mailed, emailed, faxed, or attached to their project)  
- "Wet signature" required on application  
- Wet signature is not required if application is submitted through agency system | |
| If application is submitted by email, is wet signature still required |  
- Not if the applicant attaches a copy of a signed authorization page to agency database  
- Letter with signature is required  
- Separately mailed original with wet signature is required  
- Part of the application is submitted via e-mail and some documents requiring signature are done by mail | |
| Percent of applications returned to applicant for correction or revision |  
- 0% are returned. Approximately 90% are changed/modified/corrected during the application period, which may be several months long  
- Applications are not returned for corrections or additional; applicants get a one-time shot  
- 5%  
- 10%  
- 50% or more of applications have insufficient information; project managers have to call them to help them complete the application  
- Low, for the scored part since the applicants cannot change information once submitted, but on part that is recipient project tracking information such as geographic information, typically 25% need callbacks to correct or clarify information  
- Possibly 2% of documents are returned for corrections; three-fourths of the application is tables with protected cells and links that improve the quality of data submitted | |
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<tr>
<th>Process Step</th>
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</table>
| **Review applications** | ▪ Number of review levels:  
  ○ 2 to 6  
  ○ 2 (pre-screening followed by evaluator rating and ranking)  
  ○ 2 to 4  
  ▪ Review process (criteria, reviewers, review levels, which programs are involved) varies for each subgrant program  
  ▪ Agency creates briefing packages to facilitate application review  
  ▪ Agency holds interviews with recipients to collect additional information  
  ▪ All programs include some type of review or approval by individuals not directly associated with agency; Review panels comprised of outside agency staff and citizens routinely used. | |
| **Route applications for review** | ▪ A hard copy of each application is made for each reviewer  
  ▪ Applications are imaged, then routed electronically to each reviewer  
  ▪ Applications are received and routed electronically  
  ▪ Exact routing varies by program; electronic methods are used whenever possible. Much of the review is accomplished by sending information on CDs to reviewers.  
  ▪ Anyone with a computer can access agency system and review project information  
  ▪ Applicants are required to submit one original and 3 copies of their application; original is used as the financial management file; copies are sent to agency regional staff for evaluation and rating; copies are used to start active management file for funded projects  
  ▪ Varies for each grant program | |
| **Award/Amend Funds** | ▪ Agency creates & sends award letter & original signed contract  
  ▪ In accordance with SAAM 85.30.10.b, agency encumbers contracts with a material impact on their budgets. | **Approximate elapsed time between:**  
  ▪ Solicitation for proposals and receipt (varies by grant program):  
    ○ 2 months, by WAC  
    ○ 4 weeks  
    ○ Notice in May that application period will open in September with submittal deadline in November  
    ○ Always open but funding may not be available until next cycle (biennium or supplemental)  
    ○ Varies  
  ▪ Receipt of proposals and award:  
    ○ 10 working days  
    ○ 8 months  
    ○ 4 to 14 months  
    ○ Depends on complexity of grant activities, cleanup agreements, negotiations for scope of |
<table>
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<tr>
<th>Process Step</th>
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</table>
| Manage Contracts (separate process model) | Agency subgrant agreement defines and communicates the requirements and expectations of the grant to the recipient | What must be accomplished  
Time frame for the project  
When funds are available and when they can be obligated  
Process for claiming and receiving funds  
Whether recipient can earn income and how the income must be treated  
Records required/retention  
Conditions under which funds would be repayable  
Special terms and conditions that outline other requirements including added documentation, progress reporting, equipment purchases, OMWBE participation, etc  
Performance requirements  
Conflict of interest  
Compliance with applicable laws  
Provisions applying to Acquisition, Development, and Restoration Projects  
Restrictions on Conversion of Use |
| | Agreement incorporates the grant program rules and regulations |  |
| | General terms and conditions |  |
| | Account Coding |  |
| | Subgrants are charged to the grant program account coding |  |
| | Each subgrant is assigned a unique account code combination |  |
| | Each subgrant is assigned a unique account code combination set up in agency system |  |
| | Detailed codes are not assigned; costs are tracked in spreadsheets |  |
| | Encumbrance |  |
| | Encumbrance is booked when funds awarded |  |
| | Subgrants are never encumbered |  |
| | Subgrants are not encumbered since agency system prevents over expenditure of contract amounts |  |
| | Subgrants over a certain dollar amount are encumbered |  |
| | Whether or not subgrants are encumbered depends on the grant program |  |
| | Loan receivable |  |
| | Agency books AR entry if the subgrant is repayable |  |
| | Receivables are tracked in spreadsheets, not in accounting system |  |
| | Agency system is used to track loans receivable |  |
| | Work, workload of grant staff, internal review cycles, and recipient review and signature cycles |  |
| | One program requires Legislative approval so that takes the longest time |  |
### Roadmap

**EBPDM – Grant Management Value Proposition**

**Updated:** May 9, 2006

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<tr>
<th>Process Step</th>
<th>Common Across Agencies</th>
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<tr>
<td></td>
<td></td>
<td>▪ Remedies and Disputes</td>
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<td>▪ Match requirements</td>
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<td></td>
<td></td>
<td>▪ Limitations on admin and service categories</td>
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<td>▪ Financial and non-financial reporting requirements</td>
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<td>▪ Detailed budgets</td>
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<td></td>
<td>▪ Allowable costs</td>
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<td>▪ CFDA numbers</td>
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<td>▪ Ability to subcontract</td>
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**Who negotiates and obtains signatures on contract:**

- Grants program staff
- Project managers
- Agency Contracts Office
- Standard project agreement (which may vary by program) is used for all projects and printed from agency system. Final contract is routed through the office and the signatures are obtained. The signature dates are recorded in agency system when signed; grant program staff may negotiate variances to standard agreement.
- Program managers in conjunction with fiscal and contracts staff

**Review/ Approve Progress Report**

- Agency receives progress reports from recipients

**Report frequency-varies by grant program**

- Monthly
- Quarterly
- After a special event the grant funded
- Annually
- At six months, and a final year end wrap up report
- Depends on when recipient submits progress billing

**Reporting method**

- Single progress report includes both financial and program status
- Separate progress reports for financial and program status
- Agency receives progress reports electronically
- Agency receives progress reports via mail
- Progress report includes performance measures
- Progress reports should include performance measures, but do not always
- Progress report does not include performance measures

**Percent of progress reports requiring rework by recipients**

- 0%, however agency may request additional information approximately 10% of the time.
- 10%
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<tr>
<td></td>
<td></td>
<td>- 2 to 3%</td>
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<td>- 5%</td>
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<td></td>
<td>- Perhaps 20%, to correct required information that is omitted or conflicts with other information provided, or reports that appear generally unreasonable</td>
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<td>- About 25% are missing information; 30% of the time progress reports are not submitted on time and have to be requested from subgrantee in order to process payment requests.</td>
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<td>- Since reports are part of the application process and we have a small percent of corrections</td>
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<td></td>
<td></td>
<td>Monitoring method</td>
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<td></td>
<td>- Monitoring is done centrally via telephone or email contacts</td>
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<td></td>
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<td>- Fiscal desk monitoring as well as subgrant progress reports</td>
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<tr>
<td></td>
<td></td>
<td>- Field inspections occur routinely</td>
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<tr>
<td></td>
<td></td>
<td>- Field inspections occur routinely for construction projects only</td>
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<td>- Regional managers use a risk based approach to determine the number and frequency of field inspections</td>
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<td>- Development and restoration projects receive field inspections; however, agency may approve projects based upon submittal of pictures and other documents</td>
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<td></td>
<td></td>
<td>- Only monitoring method is subgrant progress reports</td>
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<tr>
<td></td>
<td></td>
<td>- Monitoring results are documented electronically</td>
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<td></td>
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<td>- Monitoring results are documented in paper files</td>
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<td>- Monitoring is done by regional staff; headquarter staff review progress reports, track data, and process invoices for payment</td>
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<td>- Headquarters program staff may meet with recipients to evaluate or assist with fiscal documentation and tracking grant expenditures</td>
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<td>- Agency does a variety of monitoring and field inspections from pre-award site visits, interim inspections, final inspections, and ongoing compliance/monitoring inspections</td>
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<tr>
<td></td>
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<td>- One program requires compliance inspection every 5 years</td>
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<td></td>
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<td>Performance measures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Subgrant performance information are tracked in agency system</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Agency system only captures final performance summary after project is closed out</td>
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<tr>
<td></td>
<td></td>
<td>- Subgrant performance is tracked in ACCESS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Project outcomes and performance measures are entered into ACCESS manually when time is available, with no link to progress reports or field inspections that could be used to verify performance</td>
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<tr>
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<td>- Performance is tracked in spreadsheets</td>
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<td></td>
<td>- Performance data is not routinely tracked, but can be compiled on request</td>
</tr>
<tr>
<td>Process Step</td>
<td>Common Across Agencies</td>
<td>Sample Agency Variations</td>
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</tbody>
</table>
| Review/Approve Payment Request | • Recipient submits payment request | Subgrant invoices  
  ▪ Recipient invoices agency electronically for one program (EGRIPS - very small percent)  
  ▪ Paper invoices are used  
  ▪ Signature is required on paper invoice  
  ▪ An excel spreadsheet is provided to subrecipients to help make the invoice process easier  
  ▪ Invoices are received by the subgrant manager  
  ▪ Invoices are received centrally (e.g. fiscal office)  
  Percent of payment requests returned by you to your recipients for corrections or additions  
  ▪ Less than 5%, mostly for missing signatures  
  ▪ 8 to 10%  
  ▪ 4%  
  ▪ 10%  
  ▪ Have many questions on eligibility of funds – cannot always easily determine if expenditure occurred within grant period, which requires time-consuming research and phone calls to sub-grantee.  
  ▪ 40-50% have to be questioned due to signature date being before end of reporting period; sign in black ink rather than blue; will have ineligible charges or mathematical errors; misunderstanding on how to calculate eligible costs.  
  ▪ Roughly 35% need to be clarified (usually by phone or email) before requests can be approved.  
  ▪ After the subgrant is allocated, funds are distributed automatically according to the allocation; recipients do not have to bill; payments are automatically made unless a site visit shows some problem that needs to be corrected  
  Subgrant invoice routing  
  ▪ Invoice data is routed for approval electronically  
  ▪ Original invoice is routed for approval  
  ▪ Original invoice is routed to contract staff for input into HUD’s Integrated Disbursement and Information System (IDIS) (CTED)  
  ▪ Invoices are reviewed by fiscal and approved by program manager  
  ▪ Copy of invoice is routed with checklist for signoff by project manager, then routed electronically to grant tracking staff for entry into agency grants system and program tracking – this system interfaces payment data to agency’s accounting system for warrant/EFT issue |
<table>
<thead>
<tr>
<th>Process Step</th>
<th>Common Across Agencies</th>
<th>Sample Agency Variations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Subgrant invoice approval (at least 2 or all 3 of the following)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Subgrant/project manager approves invoice</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Grant program manager approves invoice</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Grant program staff approves invoice</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Fiscal approves invoice</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Up to date progress reports must be on file before invoice can be approved or paid</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Approximate elapsed time between receipt of invoice and payment</strong></td>
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<tr>
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<td>▪ Our goal is make payments within two weeks – we reach that goal 95% of the time.</td>
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<tr>
<td></td>
<td></td>
<td>▪ No more than 2 weeks</td>
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<td></td>
<td></td>
<td>▪ 2 to 3 working days.</td>
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<td>▪ 30 days</td>
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<td></td>
<td></td>
<td>▪ Could be up to 30 days to submit invoice to Fiscal to allow time to mail via campus mail for region staff to review and approve, then return to project manager.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ The target is to forward payment requests to Fiscal within two weeks of receipt from recipient. About 25% may take longer due to need for clarification.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Usually Fiscal processes invoices within five days of receipt from project managers, then it takes about three business days for electronic funds transfer or one day for warrant insertion to be mailed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ The recipient receives the funds on a monthly basis after the unit re-verifies that the amount concurs with the allocation</td>
</tr>
<tr>
<td>Update Contract Balance</td>
<td></td>
<td>How contract (subgrant/loan) balance is tracked</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Balances are tracked in an agency system</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Balances are tracked in spreadsheets by program manager and fiscal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Balances are tracked in agency system and in spreadsheets by Fiscal, Grants tracking coordinator, grants tracking assistant, system coordinator, and grant manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Balances are tracked in spreadsheets by program (for some grants) and fiscal (for all grants)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Balances are updated automatically from payment data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Agency knows the current balance on all subgrants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Agency could compile the current balance on all subgrants with minimal effort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ It would require significant effort to compile the current balance on all agency subgrants, but agency has not been asked to provide this information</td>
</tr>
<tr>
<td>Process Step</td>
<td>Common Across Agencies</td>
<td>Sample Agency Variations</td>
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</tr>
<tr>
<td><strong>Pay Recipient</strong></td>
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<tr>
<td></td>
<td>Payment method:</td>
<td>Agency 1</td>
</tr>
<tr>
<td></td>
<td>Recipient paid via EFT</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Warrants are automatically inserted and mailed to recipient</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Warrants are returned to agency for mailing to recipient</td>
<td>50%</td>
</tr>
</tbody>
</table>
| **Review & Approve Final Progress Report** | Reporting method | ▪ Same form and method is used for final report as for progress reports  
▪ Same form and method is used for final report as for progress reports, with some different questions for the final report  
▪ For some programs a different final project evaluation form is used, with more emphasis on performance achievements  
Subgrants are closed out by: | | | |
| | ▪ Subgrant/program manager determines when to close out an agreement and informs fiscal. Fiscal does final closeout in agency system and in AFRS (encumbrances).  
▪ Grant tracking assistant enters information into agency grants system, then fiscal closes  
▪ Final program evaluation is completed by project financial manager based on information submitted by the regional project manager, who works directly with the recipient to ensure all deliverables have been completed satisfactorily. Program manager approves FPE, coordinates entry into agency grants system, and sends copy to Fiscal  
▪ Fiscal, in coordination with program staff  
Other close-out requirements | | |
| | ▪ Final telephone or email contact is required  
▪ Final field inspection is required for construction  
▪ Regional project manager conducts a site visit and verifies all deliverables have been received  
▪ May send a letter to inform recipient grant is closed  
▪ Methods vary by program and project type |
| **Review/Approve Final Payment Request** | Liquidation of encumbrance | Any remaining subgrant balance is liquidated at close-out  
Subgrants are not encumbered  
Grant is closed in agency system; unspent balance is available to be re-obligated if appropriate  
Encumbrances are not used | | | | | | |
<table>
<thead>
<tr>
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<th>Sample Agency Variations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do Final Closeout &amp; Audit</td>
<td></td>
<td>▪ Remaining balance is re-obligated to another recipient if allowed under grant rules</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Integrated with FHWA process (DOT)</td>
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<tr>
<td></td>
<td></td>
<td>▪ Do not have program close-out. Each individual project within a grant program is closed</td>
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<tr>
<td></td>
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<td>out individually. Each requires the final bill from the recipient and the final</td>
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<tr>
<td></td>
<td></td>
<td>inspection report completed by program staff in order to be closed out with the FHWA</td>
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<tr>
<td></td>
<td></td>
<td>▪ Final bill from recipient and final inspection completed by program staff required</td>
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<tr>
<td></td>
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<td>prior to close-out with the FHWA</td>
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<td></td>
<td></td>
<td>▪ Direct entry into FHWA’s system to report final obligations and expenditures to close</td>
</tr>
<tr>
<td></td>
<td></td>
<td>out grant</td>
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<tr>
<td>Monitor Long-Term (if required)</td>
<td></td>
<td>▪ Projects do not require long-term monitoring</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Projects require monitoring up to 5 years after close-out</td>
</tr>
</tbody>
</table>
## Appendix D – Agency Focus Group Participants

<table>
<thead>
<tr>
<th>Name</th>
<th>Department Information</th>
</tr>
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<tbody>
<tr>
<td>Jerry Ayres</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>Stephen Buxbaum</td>
<td>Department of Community, Trade and Economic Development</td>
</tr>
<tr>
<td>Scott Chapman</td>
<td>Interagency Committee for Outdoor Recreation</td>
</tr>
<tr>
<td>Bruce Crawford</td>
<td>Interagency Committee for Outdoor Recreation</td>
</tr>
<tr>
<td>Linda Graves</td>
<td>Department of Social and Health Services</td>
</tr>
<tr>
<td>Judy Hall</td>
<td>Department of Social and Health Services</td>
</tr>
<tr>
<td>John Hanson</td>
<td>Department of Community, Trade and Economic Development</td>
</tr>
<tr>
<td>Judy Hartman</td>
<td>Department of Fish and Wildlife</td>
</tr>
<tr>
<td>Del Hontanosas</td>
<td>Department of Community, Trade and Economic Development</td>
</tr>
<tr>
<td>Mark Jarasitis</td>
<td>Interagency Committee for Outdoor Recreation</td>
</tr>
<tr>
<td>Bill Jordan</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>Lydia S Lindwall</td>
<td>Department of Ecology</td>
</tr>
<tr>
<td>Kreighan McAuliffe</td>
<td>Department of Ecology</td>
</tr>
<tr>
<td>Jeffrey Nejedly</td>
<td>Department of Ecology</td>
</tr>
<tr>
<td>Tom O'Brien</td>
<td>Department of Social and Health Services</td>
</tr>
<tr>
<td>Loly Reyes-Gonzalez</td>
<td>Health Care Authority</td>
</tr>
<tr>
<td>Bev Runion</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>Liz Saylor</td>
<td>Department of Ecology</td>
</tr>
<tr>
<td>Mariann Schols</td>
<td>Department of Social and Health Services</td>
</tr>
<tr>
<td>Jeff Sharp</td>
<td>Office of the State Treasurer</td>
</tr>
<tr>
<td>Jodie Stanton</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>Stephanie Tax</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>Cindy Trambitas</td>
<td>Department of Community, Trade and Economic Development</td>
</tr>
<tr>
<td>Michelle Wieburg</td>
<td>Office of the State Auditor</td>
</tr>
<tr>
<td>Gary Zeiler</td>
<td>Department of Ecology</td>
</tr>
</tbody>
</table>
Appendix E – Best Practice References

“Agencies Make Better Grant Management Decisions with BI”, Business Objects Data Sheet, 2005


“Intermediary Development Series - Managing Public Grants”, Compassion Capital Fund, undated

“Inventory and Evaluation of the State’s Public Infrastructure Programs and Funds”, Berk and Associates for the Washington State Office of Financial Management, December 16, 2005


“Problems Persist in Effectively Managing Grants” Testimony before the Subcommittee on Water Resources and Environment, Committee on Transportation and Infrastructure, House of Representatives, John B. Stephenson, June 11, 2003

“State of Minnesota’s Drive to Excellence Transformation Roadmap”, pages 39-44 and 170-176, March 2005

“Using PRISM, Version 8.5”, Interagency Committee for Outdoor Recreation, February 2005
Appendix F – Advisory Group Endorsement

Roadmap Advisory Group members met on February 22nd to discuss the Grant Management Value Proposition and were asked to respond in writing to the following question:

*Based on the information we have at this time, do you agree to endorse the “could-be” vision for the Grants Management Value Proposition document and the nine recommendations for change?*

Members were advised that “no response” would be considered an endorsement. The table below displays the responses received.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Date</th>
<th>Endorse Vision?</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR</td>
<td>2/28/06</td>
<td>Endorsed</td>
<td>While Grants management is important to the Department of Agriculture, we are not a very big or complex player in this arena, so I really don’t have much in terms of comments or suggestions. That said … our answer is &quot;yes&quot; to the question … &quot;Based on the information we have at this time, do you agree to endorse the &quot;could be&quot; vision for the Grants Management Value Proposition document and the nine recommendations for change?&quot;</td>
</tr>
<tr>
<td>DIS</td>
<td>3/10/06</td>
<td>Deferred</td>
<td>Our agency is a revolving fund agency and has no experience with grant management or grant accounting. DIS has been the sub-recipient on a few Homeland Security grants, but those are very simple and just involve requesting reimbursement for the grant expenditures from the Military Department. Since we don’t have experience in this area, I think it would be best to defer an endorsement for the &quot;could be&quot; vision and nine recommendations for change for the Grant Management Value Proposition to the agencies that have practical experience.</td>
</tr>
<tr>
<td>DOC</td>
<td>3/16/06</td>
<td>Endorsed</td>
<td>Based on the information the group has at this time, The Department of Corrections agrees with the &quot;could be&quot; vision of the grant value proposition. This also includes the 9 recommendations for change.</td>
</tr>
<tr>
<td>DOP</td>
<td>3/24/06</td>
<td>See Comments</td>
<td>In looking at the recommendations, my largest concern is #7 that speaks to integrating with the state’s financial system. Having just going through HRMS and building the financial solution, this is not an easy task. The HRMS financial solution may not be available for use to support an enterprise grant management application since modification will most likely be necessary and that is not an area to be taken lightly. My recommendation would be to look at replacing the state’s financial system BEFORE considering other enterprise applications that require payment as both a risk mitigation and cost avoidance strategy. I am happy to discuss this further if needed.</td>
</tr>
<tr>
<td>DOR</td>
<td>Endorsed</td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>DOT</td>
<td>3/1/06</td>
<td>See Comments</td>
<td>1. Adopt enterprise-wide standards for terminology, subgrant/loan application forms, progress reports, and payment requests, to the extent possible given the program-unique requirements imposed by funders. An additional caveat should be added to recognize existing system constraints related to program-unique requirements as well. As an example, due to current level of integration at WSDOT, moving grants to a new statewide system would not negate having to have grant</td>
</tr>
<tr>
<td>Agency</td>
<td>Date</td>
<td>Endorse Vision?</td>
<td>Response</td>
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<tr>
<td>DOT cont.</td>
<td></td>
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<td>information set up in our system to record expenditures which would trigger electronic federal billings.2. Establish an enterprise-wide standard for identifying subgrant/loan recipients and a standard process for registering recipients and applicants. Require use of enterprise identifier for payment transactions. WSDOT is already complying to a certain degree by using Statewide Vendor codes for EFT payments to many local governments. The ability to have one or more alternate number fields would help in identifying transactions by federal or subgrantee numbers. 3. Facilitate use of electronic document management and e-signatures to securely transmit and authenticate grant documents. WSDOT is looking forward to these capabilities and is developing a long term document management strategic plan. Before fully implementing a technological solution, however, the costs to agencies and subgrantees should be evaluated and weighed in light of expected benefits. 4. Adopt a risk-based, business-rule driven approach to determine review and approval requirements for recipient progress reports and payment requests, and trigger inspections. SAO’s point of a means of providing evidence that the agency has received the services, or that the grantee/subgrantee has fulfilled its requirements needs to be incorporated into the review and approval process. 5. Look for opportunities to standardize performance measures, possibly aligned with the priorities of government. Will performance reporting tools be provided or available? 6. Collect actionable information and use it to improve program service delivery. Why not just say: Make information available for analysis at the enterprise level for service delivery improvement? 7. Adopt federal grant management standards for forms, agreement terms and conditions, cost allocation, and cost categories statewide, as they become available through federal initiatives such as the National Grants Partnership. That’s a nice idea, to the extent federal agencies agree on something. It’s been quite a number of years since “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments” (more commonly known as the A-102 Common Rule), as well as the Single Audit Act. We haven’t seen a significant reduction in program specific requirements in the ensuing years. 8. Establish an enterprise electronic grants management system, integrated with state financial systems that would serve as a grant manager’s “workbench”. The workbench would provide access to both grant and financial data, to help managers administer grant programs more efficiently and make better-informed decisions. Again, a nice idea, but needs to be qualified by the Integration Architecture Strategy to accommodate agency-unique extensions where needed. The grants management piece could be helpful if it is focusing on performance, but I can see a need for financial interfaces for quite some time until all pieces of the planned Roadmap implementation are in place.</td>
</tr>
</tbody>
</table>
9. Create an enterprise recipient web-portal for convenient access to state grant and loan opportunities and easy communication with grant managers, submission of electronic forms and cross-agency collaboration.

Sounds good, but I wonder about the complexities of workflow routing, report generation, and whether all agencies have access to all other agencies’ data. While these are more requirements definition and design issues, they are still a piece of the puzzle, as are security and cost on an ongoing basis.

Comments on Performance Measures and Metrics

It would help to know the expected audience for the proposed performance measures and metrics. If the intent is to make cross-agency comparisons, two measures in particular could be problematic:

- Number of applications processed per full-time equivalent staff
- Number of grants awarded per full-time equivalent staff

With these measures (which are on both pages 34 and 36) comparison could be difficult or meaningless unless there were some means to stratify by complexity, or relate to numbers of applications received or number of awards available. In some agencies, these tasks may be done by a single person as a full time job, while in other agencies, it may be only a very small part of one person’s job.

General Thoughts and Concerns

Conceptually, WSDOT agrees with the majority of the recommendations and proposes only minor wording changes to clarify and refine some of the points. We do, however, have concerns about the details and mechanics when it comes to implementation along with the timing of implementation.

One of our major concerns is that budget development and execution processes have been excluded from the current plan for business process modeling. Many of the other processes that are being modeled have a connection to the budget processes. In addition, without active participation by OFM Budget staff, the chances for successfully including Roadmap initiatives in future budget proposals narrow significantly. Likewise, Legislative staff could become helpful advocates for Roadmap recommendations, if invited to participate at the appropriate times. Agency budget staff could also assist in the migration toward an enterprise structure if they were an informed part of the process.

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<tr>
<th>Agency</th>
<th>Date</th>
<th>Endorse Vision</th>
<th>Response</th>
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<tbody>
<tr>
<td>DOT cont.</td>
<td>9. Create an enterprise recipient web-portal for convenient access to state grant and loan opportunities and easy communication with grant managers, submission of electronic forms and cross-agency collaboration. Sounds good, but I wonder about the complexities of workflow routing, report generation, and whether all agencies have access to all other agencies’ data. While these are more requirements definition and design issues, they are still a piece of the puzzle, as are security and cost on an ongoing basis.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DRS</td>
<td>Endorsed</td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>DSHS</td>
<td>Endorsed</td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>ESD</td>
<td>Endorsed</td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>GA</td>
<td>2/28/06</td>
<td>Endorsed</td>
<td>Our agency concurs with the Grants Management Value Proposition’s recommendations.</td>
</tr>
<tr>
<td>HCA</td>
<td>Endorsed</td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>LCB</td>
<td>Endorsed</td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>LNI</td>
<td>3/15/06</td>
<td>Endorsed</td>
<td>We looked over the value proposition and recommendations and Labor and Industries is in agreement and will support the recommendations.</td>
</tr>
<tr>
<td>LOT</td>
<td>3/8/06</td>
<td>Endorsed</td>
<td>The Lottery supports the Grant Management Value Proposition without substantive changes.</td>
</tr>
</tbody>
</table>
**Agency** | **Date** | **Endorse Vision?** | **Response**
--- | --- | --- | ---
OFM | 3/1/06 | See Comments | With respect to electronic signatures, we currently must comply with Chapter 19.34 RCW - the Washington Electronic Authentication Act. I appreciate that the proposition uses the term “facilitate” rather than “mandate.” It provides for accessibility by all citizens of the state, whether electronically savvy or not.

6 of the 7 recommendations indicate “faster, better, cheaper grant management”. Given the conversation at last week's meeting, I recommend that you delete the “cheaper” piece from all 6. It sounded like we were in a position to benefit from additional information, consistency, etc., but not a cost savings.

The high level of the value proposition is concerning to me. The devil is always in the detail. While things may look positive at the 10,000 foot level, a great deal of additional work is needed to validate the proposal.

I also have concerns that value can be analyzed without considering cost. Somehow costs need to be factored in before we can assess real value and be in a position to prioritize the projects.

OST | Endorsed | No response

WSP | 2/22/06 | Endorsed | On behalf of the Washington State Patrol and in answer to your question: “Based on the information we have at this time, do you agree to endorse the “could-be” vision for the Grants Management Value Proposition document and the nine recommendations for change?”

My answer is “yes” (no reservations at this point).

**Enterprise Business Process and Data Modeling for the Roadmap**

END OF DOCUMENT