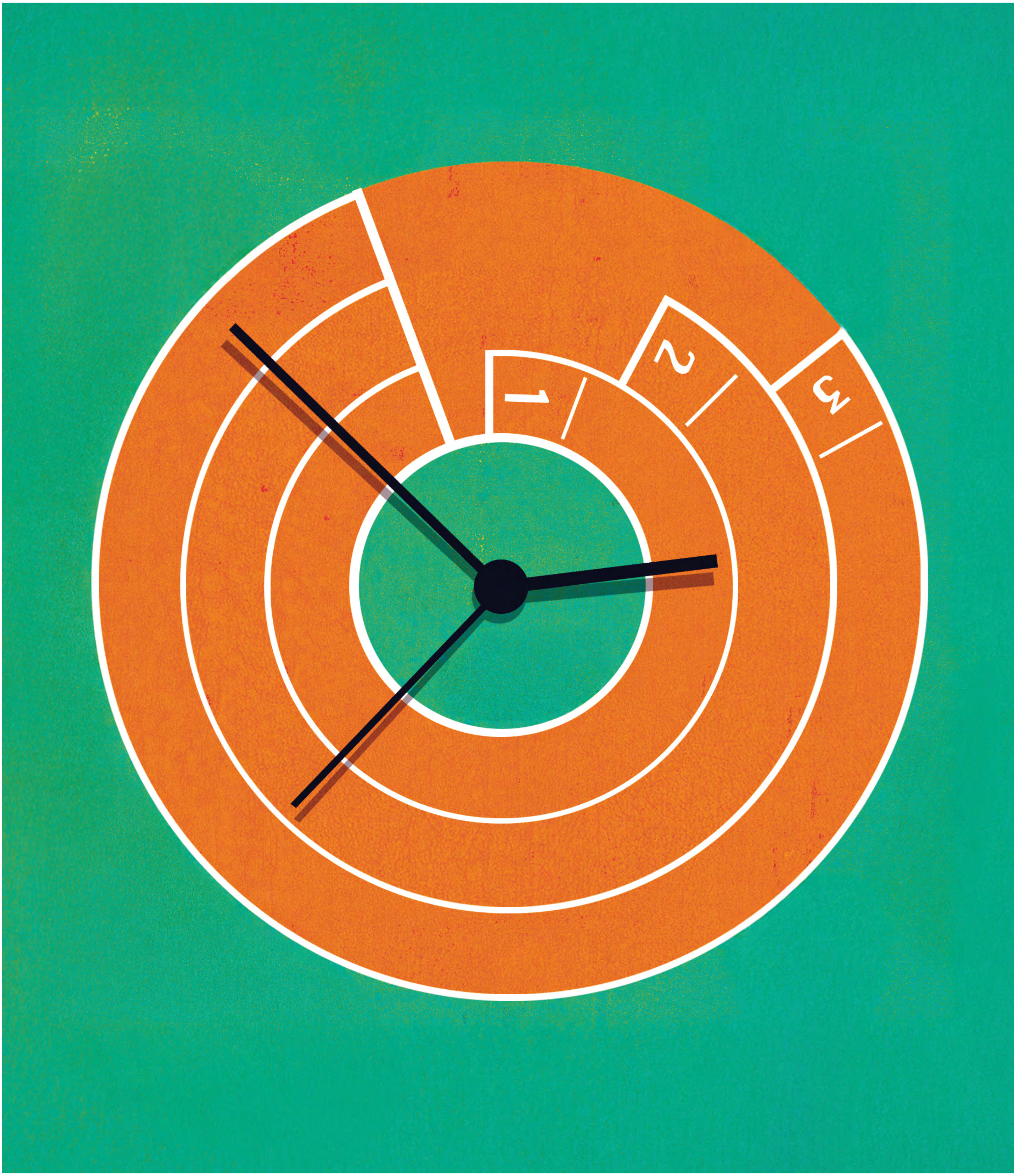
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The Crucial First Three Months

How to use this important time period to lay the foundation for successful grant management

BY ALEXIS STEGER

Securing a grant is a significant achievement, but the hard work begins once the award is received. The first three months of grant management are critical for setting the stage for long-term success. This early phase can determine whether a project stays on track, meets compliance requirements, and achieves its intended impact. Here's why this initial period is so important—and how to make the most of it.

1 | Establishing Governance and Accountability

The first step in effective grant management is setting up a clear governance structure. If you don't plan to have FTEs dedicated to the grant, or you need to hire the entire grant team after the award, you may want to consider hiring a consultant for the first three months. This strategy can be built into your grant application so it's paid for by the grant funding and shouldn't be a significant portion of administrative allowable costs. Whether you have dedicated staff or hire a consultant, ensure that the following things are in place, first and foremost.

Define roles and responsibilities for project staff, finance teams, and leadership.

If you don't have dedicated staff for the grant project, setting up these responsibilities is even more crucial. For example, it may be assumed that the finance director will set up proper procedures for gathering information for the Schedule of Expenditures of Federal Awards (SEFA) for a federal grant; however, the finance director may assume the person reconciling monthly expenditures and completing draw requests was setting up procedures that match the requirements of the SEFA. These types of responsibilities should be specifically identified for each staff member to prevent unnecessary duplication of efforts, or even worse, no one completing the work at all.

Create communication protocols to ensure transparency and timely updates.

Identifying who is required on each form of communication, early on, will ensure essential communication is provided without overwhelming those who don't need it. Create groups in Outlook or another email platform accordingly, and do the same in any chat and file-sharing platforms being used. Update your communication protocols when new employees come on board or a new department joins the grant team, and make sure the communication plan is part of your administrative plan.

Set up internal controls to prevent misuse of funds and ensure compliance.

Separation of duties is the most essential thing to establish at the beginning of a grant. This is the time you are likely hiring individuals, so only one or two staff members are dedicated to getting the grant up and running until everyone is hired. Unfortunately, this means that one person may be tasked with approving work, paying an invoice, and requesting a disbursement from the funding agency. This is a perfect storm for fraud in the form of fake vendors, altered invoices, draws for funds not expended properly, etc. Set up internal controls before any part of the project begins and incorporate them into an administrative plan.

Without a solid governance framework, even well-intentioned projects can falter because of confusion or lack of oversight.

2 | Understanding Grant Requirements

Every grant comes with its own set of rules, reporting deadlines, and allowable costs. The first three months should be used to:

Thoroughly review the grant agreement and any federal, state, or private funder guidelines. Every staff member working on the grant needs to read guiding documents to understand what the funding can be used for and what regulations they must know well to perform their roles and responsibilities. The project manager should create a summary of regulations and rules and keep them accessible for reference, then revisit them with all grant staff quarterly. Don't fall into the trap of telling grant staff to follow 2 CFR 200 and expect that they have read that regulation in full AND understand its contents. Highlight what parts are used most often in the project you are undertaking and rewrite sections that staff don't quite understand in plain language if needed.

Develop a compliance checklist to track key requirements. Does your grant require a lien to be filed against a property? Do you need to verify income? Do you need to complete an ROI prior to signing a development agreement? You are unlikely to have just one checklist to follow. There are many phases to projects that need a checklist. For example, if you are creating small business loan opportunities with the grant funding, each small business assisted will have its own file. In that file, there should be a checklist of what needs to be completed before funding is provided to the business. Credit reports? Business plan? Revenue projections? If there is a complicated piece to compliance, such as verification of income, that needs another checklist. If pay stubs, bank statements, retirement accounts, and student statuses all need to be checked, then you want to develop a checklist of those items to ensure they are provided and reviewed.

Schedule reporting deadlines and assign responsibility for each. This may include weekly Davis Bacon reporting, monthly draw requests, quarterly reporting to the funder, semi-annual reporting for minority- and women-owned businesses, and any other requirement that, if not completed, puts your funding in jeopardy. Do not forget to update this list with the new person responsible whenever there is staff turnover.

3 | Building the Budget Infrastructure

A well-structured budget is the backbone of any grant-funded project. Early actions should include the following.

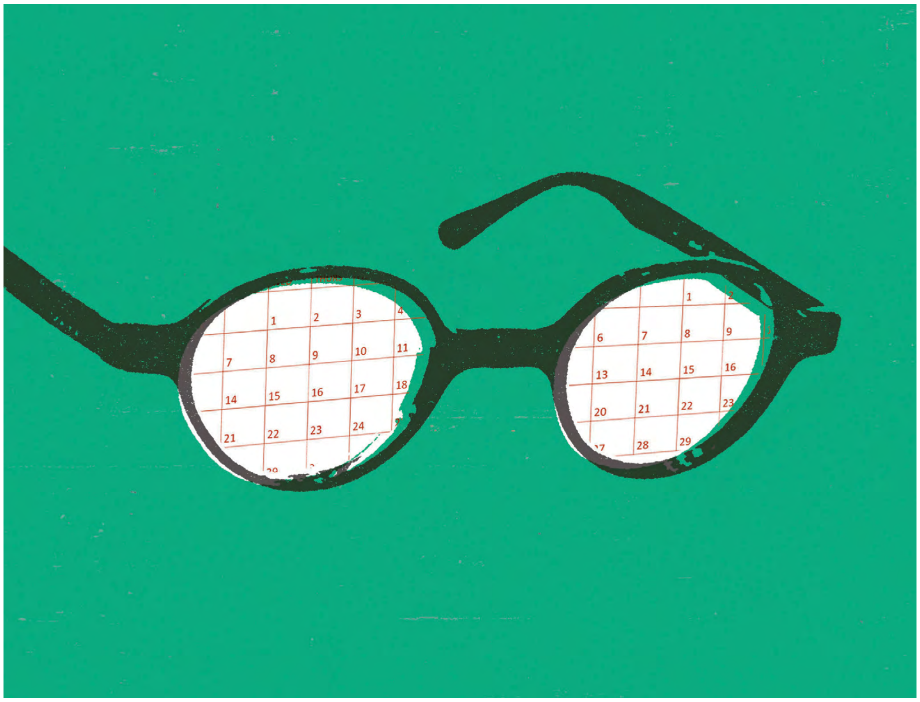
Set up dedicated accounts or cost centers in the financial system. Don't forget to restrict funds if this is a requirement of the funder. Some entitlement grants require this, and some do not. Also, check if a dedicated bank account is required for the funds. If you are provided pre-spent funds, this can be a requirement, but it isn't always. Funding can also come with restrictions on the interest rate you are allowed to earn on the funds. This can apply even if co-mingled in your general fund bank account and only held in separate fund accounts. If you aren't sure what is required after reading the regulations, ask the funder; don't guess based on past grants administered.

Align the budget with project milestones to ensure funds are available when needed. Year-end timelines are essential for grant staff. They need clear milestones for when contracts can be signed and invoices can be paid, so they match grant expectations and year-end deadlines. Grant staff also need to understand your cashflow requirements if you have a reimbursement grant. Develop clear guidelines for when a draw from the funder needs to be completed ($10,000 or $100,000?) to ensure that cash flows don't become an issue. Just make sure the milestones and timelines align with the funder's year-end expectations and create a second set of timelines if you have a different fiscal year than the funder.

Train staff on how to code expenses correctly and monitor spending. Grant project management staff are not necessarily financial gurus. Create tracking forms so they work for what you need to ensure financial compliance, make them simple to use, and train staff on how to use them. Use caution if you allow grant staff to create these tracking mechanisms, as they aren't likely to meet your needs for reconciliation. An Excel spreadsheet is a great tool for non-financial-based employees because it is well-known, commonly used for other tracking in the project, and can be locked down to ensure everything reconciles with minimal extra effort from you. If this isn't your area of expertise, a consultant can create these quickly and cheaply, and it will save you time and money in the long run.

4 | Launching the Project Strategically

Engage stakeholders—both internal and external—to build momentum and buy-in. Short videos of progress can be posted to your website or presented to your council or commission at a public meeting. Media outlets are always looking for a story. Complete a media release to



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launch the project and let everyone know what you're doing. Put that release on social media, and don't forget to share news with your neighborhood associations or other people who were engaged during the application process. Not only will this build buy-in, but it will also help hold you accountable to what you are promising to deliver.

Finally, don't forget to kick off the project with a clear plan, including timelines, deliverables, and performance metrics. This is commonly called the administrative plan, and it's a requirement of most federal and state funding. If it isn't required, you should still complete one. This is the guide for any new employee, and it can help with grant continuity should you need to use a contractor for grant administration. It can also help leadership with a check-in on progress. If you don't set timelines and milestones, you may end up underutilizing the funding or failing to meet the outcomes expected by the funder.

5 | Other Considerations

The first four essentials listed above are crucial to a grant's success, but if you have the capacity and you administer grants often, consider diving into the following in the first three months as well:

Choose or configure data systems to track outputs and outcomes. Use the tool you have unless the project is several million dollars. Excel and Power BI are good options if you already have them. Track as much as you can with the time you have available. You can use the data collected for your next funding application, so this step is more valuable than it may seem. Collect data points such as the number of people served, widgets created, businesses started, events held, public engagement, and the number of persons who couldn't be served because funding ran out. Don't forget to tie the data and outcomes to your community plans to show residents you listened to them and met their needs through the funding received.

Establish data collection protocols to ensure consistency and accuracy. Data governance is important, especially with the AI industry booming. For example, make sure you have policies about how you collect addresses—number or street first, for example, so the information is consistent and easy to pull into a report. AI will do the heavy lifting for data collection/reporting if you put some simple data governance in place early and stick to it.

Conclusions

If you are feeling a little overwhelmed as you read about the essentials of grant management over the first few months, you are not alone. Reach out to other communities that have similar awards from the past and ask for their templates, their administrative plans, and their policies for the grant—then adjust them to fit your community. If the grant is new and was never offered before, provide the funding agency with draft documents early and often to make sure they wrote the notice of the funding opportunity/grant opportunity with expectations that match their true expectations.

Overall, grants are an administratively heavy undertaking, but putting effort into the setup will make the rest of the grant run smoothly. Ultimately, these early steps will show other funders you are responsible, and their money will be spent effectively and efficiently in your community.

Alexis Steger *is the manager for government advisory services for the City of Dubuque, Iowa.*