

Federal Grant Readiness Assessment

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Introduction

Federal grants are an excellent option for nonprofit organizations; they should represent a portion of every nonprofit's annual revenue. Too often, however, many nonprofits go after federal grants before they have the capacity to manage the awards. Regulations involved with managing federal grants are more complicated than state and local government grants, private/corporate grants and private donations. Without the proper systems to manage federal funds, the consequences for a nonprofit can be severe: wasted funds, theft, audit findings, repayments, etc.

This assessment measures a nonprofit organization's readiness to apply for, and manage, federal grants by looking at 24 indicators of organizational maturity across four major domains:

- Governance
- Organizational capacity
- Policies, systems and controls
- External environment

The 24 indicators are scored using a five-point scale: Exceptional (5), Very Good (4), Satisfactory (3), Developing (2), and Beginning (1).

How to use this assessment

Review the definitions for every indicator and assign your organization a score between 1 and 5. Provide evidence in the final column to support your score. Definitions are provided at levels 5, 3 and 1. You should score at levels 4 or 2 based on available evidence. Total the scores of each domain and transfer the scores to the table on page 21 to perform the readiness calculation.

Your organization does not need to score all fives to be considered ready to apply for, and manage, federal grants. Scores of three are good; they indicate your organization has a solid framework upon which to build.

Do not rush through the assessment. Take your time thinking about each indicator and the current status of your organization. If possible, have several employees and board members complete the assessment. This will eliminate single-observer bias and multiple perspectives are always valuable.

Dave Farley
Las Vegas, Nevada / 03.13.2016

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Federal Grant Readiness Standards

Governance	Organizational Capacity
<ol style="list-style-type: none"> 1. Planning 2. Mission and Vision 3. Board Membership 4. Board Meetings 5. Board Giving 	<ol style="list-style-type: none"> 1. History 2. CEO/Executive Director 3. Program Managers 4. Grant Development 5. Annual Audit 6. Professional Development 7. Sustainability
Policies, Systems and Controls	External Environment
<ol style="list-style-type: none"> 1. Policies and Procedures 2. Personnel Time Keeping 3. Accounting System 4. Internal Controls 5. Purchasing/Procurement 6. Property Management 7. Staff Training 	<ol style="list-style-type: none"> 1. Community Needs Assessment 2. Communication 3. Partnerships 4. Funder Relations 5. Public Policy and Research

Governance

	Exceptional (5)*	Satisfactory (3)*	Beginning (1)*	Score	Evidence
Planning	<ul style="list-style-type: none"> • Organization has a strategic plan; an operational plan; a fund development plan; and a leadership succession plan. • Planning process is formal and structured. • Board is actively involved in the planning and budgeting process. • Board and CEO/ED monitor progress towards the plans' goals during every board meeting. • Goals in the strategic, operational and fund development plans are incorporated within the CEO/ED's annual performance review. 	<ul style="list-style-type: none"> • Organization has a strategic plan; an operational plan and a fund development plan. • Planning process exists but does not specify the planning framework or timeline. • Board reviews and approves 3- to 5-year financial plans. • Board and Chief Executive Officer / Executive Director (CEO/ED) monitor progress towards the plans' goals at least quarterly (4x per year). 	<ul style="list-style-type: none"> • Organization does not have a strategic plan. • Annual budgets are prepared with little input from the board. 		
Mission and Vision	<ul style="list-style-type: none"> • Organization has mission and vision statements. • All board members share a common understanding of the mission and vision statements and where the organization wants to be in 5-10 years. • Organization's vision is embedded within the organization's culture. • All major policy/strategy discussions include consideration of fit with mission and vision. 	<ul style="list-style-type: none"> • Organization has mission and vision statements. • Board members appear to have a common understanding of the mission and vision statements. 	<ul style="list-style-type: none"> • Organization does not have a mission statement. • Organization does not have a vision statement. • Board members lack understanding of the distinction between mission and vision statements. 		

Governance

	Exceptional (5)*	Satisfactory (3)*	Beginning (1)*	Score	Evidence
<p>Board Membership</p>	<ul style="list-style-type: none"> • Board has the maximum number of members allowed by the organization’s by-laws. • All officer positions are filled. • Board members understand their individual, and collective, roles and responsibilities. • Board and staff have a shared understanding of their relative roles. • Board members have a diverse range of skills (e.g., legal, financial, public relations, etc.) to effectively govern the organization and to support the CEO/ED when necessary. • Board has a process to identify new board leaders and/or for board members to progress through the officer positions. • Board members have term limits. • Frequent interaction between Board and CEO/ED ensures a “no surprises” environment. 	<ul style="list-style-type: none"> • Board has at least two-thirds of the members allowed by the organization’s by-laws. • All officer positions are filled. • Board members understand their individual, and collective, roles and responsibilities. • Board and staff have a high-level understanding of distinction between board and management decisions. • Board members and the CEO/ED identify skills and resources needed on the board and seek to recruit board members based on gap analysis results. 	<ul style="list-style-type: none"> • Board has the minimum number of members required by state law. 		

Governance

	Exceptional (5)*	Satisfactory (3)*	Beginning (1)*	Score	Evidence
Board Meetings	<ul style="list-style-type: none"> Board meets at least quarterly (4x per year). Board achieves a quorum at 100% of its meetings. Board has a structured meeting agenda. Committee chairs report outcomes of committee meetings. Agenda, meeting materials and minutes are provided to board members at least seven (7) days prior to every board meeting. Most time dedicated to board discussion and debate on important issues. 	<ul style="list-style-type: none"> Board meets at least quarterly (4x per year). Board achieves a quorum at 75% of its meetings. Board has a structured meeting agenda. Committee chairs report outcomes of committee meetings. Agenda, meeting materials and minutes are provided to board members at least three (3) days prior to every board meeting. Significant amount of time is CEO/ED and staff “show and tell.” 	<ul style="list-style-type: none"> Board does not have regularly scheduled meetings. Board meetings do not have a formal agendas or structure. Board does not have committees. 		
Board Giving	<ul style="list-style-type: none"> All board members donate (cash) to the organization. Board consistently meets/sometimes exceeds donation goals. Board members understand their fundraising responsibility and regularly introduce staff to potential donors. 	<ul style="list-style-type: none"> Most (> 50%) board members donate (cash) to the organization at the level they’re expected to give. Board members understand their fundraising responsibility and occasionally introduce staff to potential donors. 	<ul style="list-style-type: none"> Board members do not consistently donate (cash) to the organization. 		
<p>Note: Board members are expected to donate their time and expertise. This indicator measures the board’s unrestricted financial commitment to the organization.</p>					
GOVERNANCE TOTAL					Transfer total to the Raw Score column in the table on page 21.

* Definitions are provided at levels 5, 3 and 1. Reviewers should score at levels 4 (Very Good) or 2 (Developing) based on available evidence.

Organizational Capacity

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
History	<ul style="list-style-type: none"> • Organization is at least seven (7) years old. • Organization has been operating full-time. • Organization has clear lines of authority. • Organization has a track record of program accomplishments. • Organization has operated a grant-funded program for at least four (4) years. 	<ul style="list-style-type: none"> • Organization is at least five (5) years old. • Organization has been operating full-time. • Organization has clear lines of authority. • Organization has a track record of program accomplishments. • Organization has operated a grant-funded program for at least two (2) years. 	<ul style="list-style-type: none"> • Organization is less than three (3) years old. 		
CEO/Executive Director	<ul style="list-style-type: none"> • CEO/ED has ten (10) years of experience securing and successfully managing private, local (city/county) and/or state grants. • CEO/ED has successfully managed a minimum of two (2) multi-year federal grants of at least \$500,000 each within the last four (4) years. • CEO/ED has a working knowledge of the current federal grant management regulations and cost principles. 	<ul style="list-style-type: none"> • CEO/ED has five (5) years experience securing and successfully managing private, local (city/county) and/or state grants. 	<ul style="list-style-type: none"> • CEO/ED does not have experience securing or managing grants. 		

Organizational Capacity

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
Program Managers	<ul style="list-style-type: none"> Program managers have at least five (5) years experience applying for grants (private, city/county, state) and successfully managing grant-funded projects in accordance with funders' requirements and applicable state and local laws and regulations. 	<ul style="list-style-type: none"> Program managers have at least three (3) years experience applying for grants (private, city/county, state) or successfully managing grant-funded projects in accordance with funders' requirements and applicable state and local laws and regulations. 	<ul style="list-style-type: none"> Program managers do not have experience applying for grants or managing grant-funded projects. 		
Grant Development	<ul style="list-style-type: none"> Organization has a full-time grant writer with a track record of winning private, city/county, state and federal grant awards. Organization has staff members that can assist the grant writer on an ad hoc basis. Grant writer is a member of the organization's leadership team. Organization has a written grant development protocol. Organization is willing to pass on applying for grants if they are not a good fit with the organization's mission, vision and capacity. 	<ul style="list-style-type: none"> Organization has a part-time grant writer, and/or an ad hoc grant writing team, with experience applying for grants and winning grant awards (private, city/county or state). 	<ul style="list-style-type: none"> Organization does not have a grant writer or an ad hoc grant writing team or a staff member with experience applying for grants. 		

Organizational Capacity

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
Annual Audit	<ul style="list-style-type: none"> Organization has had an annual audit by an independent CPA for a minimum of five (5) years. No material findings. 	<ul style="list-style-type: none"> Organization has had an annual audit by an independent CPA for a minimum of three (3) years. No material findings. 	<ul style="list-style-type: none"> Organization does not have an annual audit by an independent CPA. 		
Professional Development	<ul style="list-style-type: none"> Organization provides time off for employees to attend training related to their positions. Organization requires employee cross-training in the event of job vacancies or prolonged absences. 	<ul style="list-style-type: none"> Organization provides time off for employees to attend training related to their positions. 	<ul style="list-style-type: none"> Organization does not have an employee professional development program. 		
Sustainability	<ul style="list-style-type: none"> Sustainability planning is a key element of the organization’s new program development process. CEO/ED identifies funds that could potentially be used to sustain a new program’s efforts. New programs are not launched if there isn’t a reasonable expectation they can be sustained. 	<ul style="list-style-type: none"> Sustainability is discussed, but not formalized, during the new program development process. Sustainability planning begins after new programs are started. 	<ul style="list-style-type: none"> Sustainability is not considered when developing new programs. 		
ORGANIZATIONAL CAPACITY TOTAL					Transfer total to the Raw Score column in the table on page 21.

* Definitions are provided at levels 5, 3 and 1. Reviewers should score at levels 4 (Very Good) or 2 (Developing) based on available evidence.

Policies, Systems and Controls

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
Policies and Procedures	<ul style="list-style-type: none"> • Organization has written policies and procedures for (at a minimum) program and financial management; personnel; property management; purchasing/procurement; records management and retention; and travel. • Policies and procedures aligned with state law and the federal grant management Uniform Guidance at 2 CFR 200. 	<ul style="list-style-type: none"> • Organization has written policies and procedures for (at a minimum) program and financial management; personnel; property management; purchasing/procurement; records management and retention; and travel. • Policies and procedures are aligned with state law. 	<ul style="list-style-type: none"> • Organization does not have written policies and procedures. 		
Personnel Time Keeping	<ul style="list-style-type: none"> • Organization has a formal employee time keeping process/system. • Employees' time can be identified to specific projects. • Records accurately reflect the total activity for which each employee is compensated. • Records show the actual time worked by an employee in each pay period. • Records are reviewed for accuracy by a supervisor and/or a manager. • Organization uses the same time keeping method for employees whose salary and wages are used as matching funds. 	<ul style="list-style-type: none"> • Organization has a formal employee time keeping process/system. • Employees' time can be identified to specific projects. • Records accurately reflect the total activity for which each employee is compensated. • Records show the actual time worked by an employee in each pay period. • Records are reviewed for accuracy by a supervisor and/or a manager. 	<ul style="list-style-type: none"> • Organization does not have a formal employee time keeping process/system. 		

Policies, Systems and Controls

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
Accounting System	<ul style="list-style-type: none"> • Organization uses an automated accounting system. • Program managers regularly review expenditures and budget balances for accuracy. • System identifies the receipt and expenditure of program funds separately for each grant or contract. • System records expenses to specific cost categories in the approved budget. • System allows for the comparison of expenses with budget amounts. • System generates accurate and reliable reports. • Top management reviews expenditures and budget balances for accuracy. • System prevents spending in excess of (1) total funds available and/or (2) total funds available in individual expense categories. • System prevents expenditures after grants close. • System can segregate direct and indirect expenses. 	<ul style="list-style-type: none"> • Organization’s accounting system is a combination of manual and automated. • Program managers regularly review expenditures and budget balances for accuracy. • System identifies the receipt and expenditure of program funds separately for each grant or contract (i.e., grants are not comingled with organization’s funds). • System records expenses to specific cost categories (personnel, supplies, etc.) in the approved budget. • System allows for the comparison of expenses with budget amounts. • System generates accurate and reliable reports. 	<ul style="list-style-type: none"> • Organization uses a manual accounting system. 		

Policies, Systems and Controls

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
<p>Internal Controls</p>	<ul style="list-style-type: none"> • Written procedures in place to maintain control over assets, records, expenditures, etc. • Segregation of duties between employees that initiate, approve and record expenses. • Periodic comparison of expenditures and reports to supporting documents. • Supervisory review of reports to assure accuracy and completeness of data and information included. • Procedures exist to identify and resolve compliance issues. • Unallowable expenses adjusted; follow-up action to determine the cause and to prevent future occurrences. • Organization has a procedure to verify the eligibility of people receiving services. • Written policy establishing responsibility and procedures for periodic monitoring, verification and reporting of program progress and accomplishments. • Periodic <u>independent</u> evaluation of expenditures, reports and supporting documents. 	<ul style="list-style-type: none"> • Written procedures in place to maintain control over assets, records, expenditures, etc. • Segregation of duties between employees that initiate, approve and record expenses. • Periodic comparison of expenditures and reports to supporting documents. • Supervisory review of reports to assure accuracy and completeness of data and information included. • Procedures exist to identify and resolve compliance issues. • Unallowable expenses adjusted; follow-up action to determine the cause. 	<ul style="list-style-type: none"> • Organization does not have written procedures to maintain control over assets, records, expenditures, etc. 		

Policies, Systems and Controls

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
Purchasing / Procurement	<ul style="list-style-type: none"> • Written purchasing procedures aligned with federal, state and local laws and regulations. • Written standards cover conflicts of interest for anyone involved in the selection, award and administration of contracts. • Organization avoids purchasing unnecessary or duplicative items. • A cost and price analysis is conducted with every purchasing transaction. • Records are maintained documenting each purchasing transaction. • Oversight ensures contractors perform in accordance with terms of contracts or POs. • All transactions are conducted with full and open competition. • Organization has written procedures for issuing formal solicitations for goods and services. • Organization has a procedure to report suspected improprieties. • Management conducts <u>independent</u> reviews to determine if purchasing policies and procedures are being followed as intended. 	<ul style="list-style-type: none"> • Written purchasing procedures aligned with state and local laws and regulations. • Written standards cover conflicts of interest for anyone involved in the selection, award and administration of contracts. • Organization avoids purchasing unnecessary or duplicative items. • A cost and price analysis is conducted with every purchasing transaction. • Records are maintained documenting each purchasing transaction. • Oversight ensures contractors perform in accordance with terms of contracts or POs. • All transactions are conducted with full and open competition. 	<ul style="list-style-type: none"> • Organization does not have written policies and procedures for purchasing goods and/or services. 		

Policies, Systems and Controls

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
Property Management	<ul style="list-style-type: none"> • Organization’s written property management policies and procedures are aligned with federal Uniform Guidance at 2 CFR 200. • Organization maintains records for all property and equipment. • Procedures are in place to maintain equipment in good condition and assure that assets are used solely for authorized purposes. • Organization has a system to prevent property loss, damage or theft. • A physical inventory of all property is taken at least once every two years and reconciled with property records. • When appropriate, organization has a procedure to sell property for the highest possible return. 	<ul style="list-style-type: none"> • Organization has written policies and procedures for managing property and equipment. • Organization maintains records for all property and equipment. • Procedures are in place to maintain equipment in good condition and assure that assets are used solely for authorized purposes. • Organization has a system to prevent property loss, damage or theft. 	<ul style="list-style-type: none"> • Organization does not have written property management policies and procedures. 		

Policies, Systems and Controls

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
Staff Training	<ul style="list-style-type: none"> For every new program, formal training is provided to staff on funder requirements, program details (e.g., scope of work/activities, goals, objectives, budget, reporting, etc.), regulations (city/county, state and/or federal) and allowable (and/or unallowable) expenses. Program staff is provided with copies of the funded grant application, budget, funder requirements and regulations (city/county, state and/or federal). 	<ul style="list-style-type: none"> For every new program, formal training is provided to staff on funder requirements, program details (e.g., scope of work/activities, goals, objectives, budget, reporting, etc.), regulations (city/county, state and/or federal) and allowable (and/or unallowable) expenses. 	<ul style="list-style-type: none"> No training is provided to staff before new programs begin. 		
POLICIES, SYSTEMS AND CONTROLS TOTAL					Transfer total to the Raw Score column in the table on page 21.

* Definitions are provided at levels 5, 3 and 1. Reviewers should score at levels 4 (Very Good) or 2 (Developing) based on available evidence.

External Environment

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
Community Needs Assessment	<ul style="list-style-type: none"> Organization conducts an annual assessment to identify specific community needs for programs and services. Organization performs its annual assessment in partnership with a public agency (local, state or federal) or an institution of higher education. 	<ul style="list-style-type: none"> Organization conducts an annual assessment to identify specific community needs for programs and services. 	<ul style="list-style-type: none"> Organization has not performed an assessment to identify specific community needs for programs and services. 		
Communication	<ul style="list-style-type: none"> Organization has a formal communications plan for internal and external audiences. Organization communicates with elected officials (local, state and federal) at least quarterly (4x per year). Organization has an active presence on at least four (4) social media outlets. Full-time staff member dedicated to leading communications efforts. 	<ul style="list-style-type: none"> Organization has a formal communications plan for internal and external audiences. Organization communicates with elected officials (local, state and federal) at least semi-annually (2x per year). Organization has an active presence on at least two (2) social media outlets. Part-time staff member coordinating communications efforts. 	<ul style="list-style-type: none"> Organization does not have a communications plan. 		

External Environment

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
Partnerships	<ul style="list-style-type: none"> • Organization collaborates with external partners on most of its programs. • Organization has a network of potential partners and a procedure to identify new partners for new projects. • Organization is regularly invited to collaborate on other organization's programs. 	<ul style="list-style-type: none"> • Organization collaborates with external partners on some of its programs. 	<ul style="list-style-type: none"> • Organization does not collaborate with any external partners on its current programs. 		
Funder Relations	<ul style="list-style-type: none"> • Organization leadership always contacts funders (public and private) prior to applying for grants or other sources of funding. • Organization always receives feedback from funders on unsuccessful grant applications or funding requests. • If applicable, an organization representative attends applicant workshops (or webinars) prior to applying for grants. • Organization has a procedure for recognizing and thanking funders. 	<ul style="list-style-type: none"> • Organization leadership occasionally contacts funders (public and private) prior to applying for grants or other sources of funding. • Organization occasionally receives feedback from funders on unsuccessful grant applications or funding requests. 	<ul style="list-style-type: none"> • Organization has not yet developed a funder relations strategy. 		

External Environment

	Exceptional (5)	Satisfactory (3)	Beginning (1)	Score	Evidence
Public Policy and Research	<ul style="list-style-type: none"> Organization partners with other groups in its field, or an institution of higher education, to research problems on a local, state or national level. Research findings are used to identify potential solutions and are communicated to elected officials to help shape public policy. 	<ul style="list-style-type: none"> Organization conducts research within its field on problems at the local or state level. Research findings are used to identify potential solutions and are communicated to elected officials to help shape public policy. 	<ul style="list-style-type: none"> Organization does not conduct research in its field or engage in shaping public policy. 		
EXTERNAL ENVIRONMENT TOTAL					Transfer total to the Raw Score column in the table on page 21.

* Definitions are provided at levels 5, 3 and 1. Reviewers should score at levels 4 (Very Good) or 2 (Developing) based on available evidence.

Readiness Calculation

Domain	Raw Score	Weight	Weighted Score*
Governance		25%	
Organizational Capacity		30%	
Policies, Systems and Controls		35%	
External Environment		10%	
TOTAL			

Multiply the raw scores by their respective weightings to come up with a weighted score for each domain. Add the weighted scores and compare the weighted total to the score ranges in the following table:

Weighted Total	Assessment	Comments
6 – 18	Not Ready	Your organization requires numerous changes to its systems before it will be competitive applying for federal grants and compliantly managing them. Use the results of this assessment and our free Grant Management Assessment tool (at thegrantdoctors.com) to see how you can improve your readiness.
19 – 24	Ready	Your organization has a solid foundation. Some adjustments are needed before receiving federal grants but your organization is ready to apply for them. Use our free Grant Management Assessment tool to take a deeper look at your policies, procedures and systems. With the necessary changes, you'll be prepared to manage federal awards by the time you receive your first grant.
25 – 32	Beyond Ready	Your organization is definitely ready to apply for, and manage, federal grants. Use our free Grant Management Assessment tool to fine-tune your policies, procedures and systems so they're aligned with the Uniform Guidance.

* Round to the nearest whole number.

About The Grant Doctors®

The Grant Doctors® is a full service federal grants consulting and governmental relations firm for urban and rural local educational agencies, municipalities, nonprofit corporations and healthcare providers. Our professionals have secured over \$199 million and managed \$350 million in federal grants.

Dave Farley, founder and CEO, is an authority on public funds management, accountability, fund development, ethics and governance. He has more than 25 years of experience serving local governments, corporations, community-based organizations and governing boards. Dave has worked on over \$169 million in public/private projects; successfully managed the regulatory compliance of \$150 million in federal funds; and secured \$21 million for new projects. He has an extensive background involving organizational development, strategic planning, financial assessments, grant writing, feasibility studies, program design and governmental relations. His projects have been featured in national publications including *Forbes* and the *Chronicle of Philanthropy*.

Need help?

We're here for you. Our free assessment tools or our consulting and training services can take your organization to the next level.

Contact Us

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