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SOFTWARE

Gantt Versus Grant

A grant manager's guide to selecting the right software

A whitepaper by Geni Whitehouse

The Solution

Unfortunately, these two similarities have been enough to lead many not-for- profit software vendors to address the needs of both camps with what is essentially the same shovel. In many cases, this decision was made because they had no other choice; historical limitations of their software design forced them to handle both functions in a single application. But we're not in the Dark Ages anymore. Software has evolved to meet the unique requirements of non- profit organizations and their grant managers, making the frustration of trying to manage grants with project management software a thing of the past.

However, before you can determine which software best meets your needs as a grant manager, it is important to understand the critical differences between grant management and project management. We've already discussed the similarities; now it's time to concentrate on the differences so you can be sure you're making the best choice in a nonprofit solution.

In this whitepaper, we will compare these two functions across each of the following areas:

- Role
- Stakeholders
- Pre-Award
- Award
- Funding
- Tracking Costs
- Sources
- Internal Reporting
- Progress Indicators
- Restrictions
- Revenue
- External Reporting
- Revisions

Role

What is the primary responsibility of the manager in each of these functions?

Project Management	Grant Management
Role: To ensure that the triple con- straints— schedule, cost, resources—are managed properly for each project while also delivering the level of quality expected by the customer.	**Role:** To ensure that money allocated to a particular cause is expended as specified by the Grantor on activities related to a given cause.
Critical indicator: Project completion date.	**Critical Indicator:** Use of funds in accordance with stated purpose – number of constituents served.

For grant managers, the key function of software is to provide real-time visibility into the flow of funds from award through to service provided and across all field locations regardless of language or currency.

Stakeholders

Other than the manager, who else is interested in the outcome of the activities being monitored?

Project Management	Grant Management
• General contractor • Subcontractors • Customer • Company management • Site workers	• Grantor • Grantor's board • Executive director of grantee organization • Grantee's board • Field service workers • Constituents being served
Key Question: Are we on time and under budget?	**Key Question:** Are funds being used in service of our stated objectives? How many constituents have we been able to reach?

For grant managers, software should provide real-time information regarding the use of the funds for specified purposes, including timely updates from the field. The sys- tem should capture statistical data so that detailed reports can account for constituents served. Information needs to be secure but easily accessible based on roles and the rights assigned to individual stakeholders. Account structures need to be flexible, not rigid or hard-coded so that managers can comply with the diverse requirements of individual grantors.

Not-for-profit software must be able to meet the tracking and reporting needs of both grantor organizations and grantees.

Pre-Award

How is a project or grant initiated?

Project Management	Grant Management
The process begins with a bid for a job. A project cost estimate is created with high-level costs by phase. Once the job is accepted, total dollars and schedule end dates become more important than strict adherence to the detailed budget.	The process begins with a grant application to a qualified grantor organization. A detailed line item budget is created in conformity with the requirements of the grantor organization. This budget must be closely followed once the grant is awarded.
Key Question: Are we on time and under budget?	**Key Question:** Are funds being used in service of our stated objectives? How many constituents have we been able to reach?

The grant manager needs a detailed budgeting solution with a flexible account structure that can exist outside of the general ledger.

Award

How is a project or grant awarded?

Project Management	Grant Management
The project is either accepted or not. If the job price is negotiated, it will result in a revised project. Most projects require an upfront de- posit before work begins, which helps minimize the cash flow burden on the organization.	A grantor may make a partial award against a given grant proposal. The original proposal will have to be maintained intact, with any additional sources of funds being associated but also separately monitored. A grantee may receive notification of an award and then wait months or years to receive the cash. Funds are typically received via reimbursement, which creates cash flow pressure on the organization. When a proposal is awarded, it may also fund field offices, which will need to track funds in their own currency.

The grant manager needs to keep a close eye on cash flow, manage multiple funding sources, and get funds to field offices in their native currency.

Funding

How are the funds disbursed over time?

Project Management	Grant Management
Customers are billed as costs are incurred. Often projects include an overhead allocation or pre-defined burden rate.	Grantors are billed for actual costs incurred by the Grantee and are reimbursed after the fact. Overhead rates, if allowed, are dictated by the grantor.

For the grant manager, flexibility in allocations and alignment with the original award document is crucial for timely reimbursement.

Tracking Costs

How are expenditures monitored?

Project Management	Grant Management
Budgets are prepared by phase, which tends to be fairly standard by industry. Many project accounting tools offer two levels of coding – project and cost code—plus some sort of resource identifier– generally labor, materials, equipment. Alternatively, for certain types of projects, costs are recorded based on a defined Work Breakdown Structure (WBS), which is basically a hard-coded outline used for many government projects. Work is often divided between technical or functional disciplines such as engineering, manufacturing, testing, and procurement. Overhead costs might be allocated to activities, phases, or projects.	A budget is prepared showing costs by expenditure category, which varies by grant. Detailed cost coding and tracking is critical to showing adherence with award terms; any variations must be reported to the grantor. Each grant might require a separate reporting structure. Requirements for categories and coding can be virtually unlimited. Cost allocations are made at the detailed level and might include cross-fund and cross-grant items. For a non-profit organization, allocat- ing indirect costs to a given grant is not only complicated, it is often key to insuring that the organization can cover operating costs.

The grant manager needs a solution that provides nearly unlimited coding options plus the ability to allocate costs across line items, funds, and grants.

Sources

How are awards from multiple sources managed?

Project Management	Grant Management
Projects are typically billed to a single customer, although a general contractor may work with multiple subcontractors. Cost-plus projects might require detailed monitoring, but generally, summary reports are acceptable.	In some cases, a grantor will require matching from another source, which will need to be identified. Gifts in-kind also need to be tracked in compliance with award requirements.

The grant manager needs a solution that not only supports both detailed tracking of individual expenditures, but also helps him associate matching funds and in-kind awards with a given project.

Internal Reporting

What reports does the manager need?

Project Management	Grant Management
Mission Critical : • Billed versus unbilled • Critical path activities • Actual costs as a percentage of estimate • Project percentage of completion • Estimated revised completion date • Resource availability • Subcontractor scheduling	**Mission Critical:** • Expenditures by award line item • Expenditures by CFDA (Catalog of Federal Domestic Assistance) number or other local or governmental reporting requirements • Reimbursed and unreimbursed expenditures • Restricted versus non-restricted fund expenditures • Results of expended funds – statistics and numbers of constituents served
Focus: Managing the schedule	**Focus:** Managing the flow of funds

The grant manager needs flexible, timely reporting that allows him to go from detailed line items to summary information as needed. In addition, he needs to be able to show evidence of compliance with all applicable rules and regulations, in conformity with all audit standards including Federal A-133 requirements.

Progress Indicators

What are interim indicators of success?

Project Management	Grant Management
Schedule milestones indicate completed steps in a project. Often the timing of billing is tied to milestone completion.	Progress is measured by number of constituents served. Evidence of adherence to stated terms and conditions is more important than schedule.

The grant manager must show evidence of compliance with a grantors terms and conditions via interim reporting and on-going communication.

Restrictions

How are funds restricted or allocated?

Project Management	Grant Management
There may be construction loans that are tracked separately from other operating funds.	In addition to restricted and unrestricted funds, grantees might need to differentiate fully obligated from committed funds. When funds are fully obligated, a grantee will also need to manage and report against any imposed restrictions.

The grant manager needs to be able to quickly associate grant funds with detailed award line items as well as individual field locations and discrete projects. He also needs to view totals for award estimates, obligations, and amounts by line item.

Revenue

How is revenue recognized by each function?

Project Management	Grant Management
Completed contract or percentage- of-completion methods are widely used in the construction industry. Percentage-of-completion is normally determined by the project manager. Funding advances and actual-to-budget cost variances are calculated using the project budget adjusted to percent-of- completion.	The grant is earned as costs are incurred or as the milestones are completed.

Accurate tracking of costs in conformity with budget is crucial to the grant manager's ability to receive timely reimbursement. At the same time, the manager needs to stay on top of outstanding funds via rules that he can use to generate invoices that are tracked in a receivables system.

External Reporting

What information needs to be shared?

Project Management	Grant Management
Interim reports of costs incurred and revised schedule might be delivered to customers along with an invoice.	Detailed interim reports are required by grantors at specified periods. They typically include: 1. Financial reports – comparing expenditures to the budget 2. Progress reports – explaining in detail the activities, accomplishments, and difficulties that have occurred since previous reports Final reports are required in support of grant expenditures and typically include narratives describing an organizations expected and achieved results.

Flexible reporting across a number of different time-periods is a key requirement for any successful grant manager.

Revisions

How are changes handled?

Project Management	Grant Management
When a change to a project is required, the project manager submits a change order to the customer. Approved change orders can result in changes to the project scope or modifications to the overall project cost.	Grants can be modified as require- ments change. A manager must keep track of the additional grant and any subsequent revisions. Grants may also have sub-awards that are associated with the original grant.

The grant manager needs to be able to track expenditures against both the original grant and any subsequent revisions.

Summary

Once you take a closer look at projects and grants, it becomes clear that the two disciplines are very different. From the purpose of their role, to the stakeholders they serve, to the process of bidding and receiving an award, grant managers have some unique requirements to meet. What's more, grant managers have strict accountability and tracking requirements, specialized reporting and measurement needs, and complex revision tracking requirements. It should be no surprise, then, that grant managers need special tools to support them.

It is no longer acceptable for grant managers to use tools that are not perfectly designed for the task at hand. It is crucial for grant managers to have access to solutions that can simplify reporting and compliance so they have more time to facilitate solutions in support of a cause.

About Serenic Software

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