TEXAS COUNCIL FOR DEVELOPMENTAL DISABILITIES

Internal Audit Report #2013-1

Grantee Communications

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Acronyms and Abbreviations

- CPA Comptroller of Public Accounts, Texas
- DSA Designated State Agency
- GAO Government Accountability Office, US
- IIA Institute of Internal Auditors, International
- OMB Office of Management & Budget, US
- OP Operating Procedures
- QPPR Quarterly Project Performance Report
- RAR Request for Advance or Reimbursement
- RFP Request for Proposals
- SAO State Auditor's Office, Texas
- TAC Texas Administrative Code
- TCDD Texas Council for Developmental Disabilities
- TEA Texas Education Agency
- TGC Texas Government Code
- UGMS Uniform Grants Management Standards (Texas)

RUPERT & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Audit Report

May 31, 2013

Audit Committee and Council Members
The Texas Council for Developmental Disabilities

The following report provides the results and recommendations noted during the internal audit of the TCDD's grantee communications processes and controls, conducted in fiscal year 2013. Included in this report are the purpose, scope, results, and recommendations of the project, as well as management's responses to those recommendations.

The internal audit was conducted in accordance with the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing*, the Government Accountability Office's (GAO) *Government Auditing Standards*, and the Texas Internal Auditing Act. We believe that our work fully supports our conclusions.

This report is distributed to and intended for the use of the Texas Council for Developmental Disabilities management and Governing Board, and the oversight agencies as identified in the Texas Internal Audit Act.

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Executive Summary

Audit Purpose

The Texas Council for Developmental Disabilities' (TCDD) annual internal audit plan is risk-based, with specific audit areas and objectives determined after an annual risk assessment update is conducted by management and the internal auditor. The plan developed for TCDD for fiscal year 2013 included an audit to assess the effectiveness of TCDD's outreach and communications efforts with their grantees. The audit identified the current processes and controls for communicating with grantees, from the initial orientation, to technical support, monitoring, and reporting on the status of grantee projects, and evaluated the effectiveness of those practices.

Key Observations

1. TCDD has procedures and resources in place to guide staff in their communications with grantees related to the management and reporting requirements for their projects. TCDD processes include various modes of communication, an online Grants Manual and web-based reporting capabilities for grantees. The processes and controls are functioning and effective.
2. A survey of grantees provided some insight into areas where grantees have encountered problems in the communication process, including website accessibility problems, and a need for more guidance on grants that operate on different time schedules, and more guidelines to fit a for-profit grantee model.

Significant Recommendations

Improvements to the grantee communication process can be made by improving on some processes and forms, as well as identifying and improving the issues that lead to website access issues.

Management Response

TCDD concurs with the audit review recommendations. TCDD will develop guidance for staff communications with grantees; review comments from the grantee survey to identify areas of improvement; and will solicit additional input from grantees about specific concerns and strategies for improving grants related forms, procedures and website access.

Report to Staff

BACKGROUND & PURPOSE

The Texas Council for Developmental Disabilities awards grant funds to projects to promote independence, productivity, and community integration for people with disabilities. The achievement of TCDD's mission, goals and objectives requires effective and timely communications with the grantees to help ensure successful grant projects. In the agency risk assessment, the risk of providing ineffective or untimely guidance to grantees was identified as a risk with a high impact and low probability. TCDD believes there is a low probability because of their activities to ensure grantees are informed, but if communications were not sufficient and timely, the impact could be high. Therefore, an audit was undertaken to evaluate the effectiveness and efficiency of TCDD's communication efforts and to make recommendations for improvements, as appropriate.

SCOPE, METHODOLOGY, & OBJECTIVES

The scope of the project was limited to an evaluation of TCDD's current communications processes and controls for effectiveness and efficiency. To assess the effectiveness of grantee communications, a survey tool was developed and participation was requested of 36 grantees that were active with TCDD in the last two years.

The audit methodology included interviews, questionnaires, and discussions with various personnel at TCDD. Research was undertaken to identify best practices, and methods and resources used by others to communicate with their grantees. TCDD's operating procedures and controls related to monitoring grantees have been reviewed in previous audits; this audit focused on evaluating communication processes.

The objectives of the engagement were –

A. Review current communication activities between TCDD staff and grantees.
B. Survey grantees for their assessment of the TCDD staff communication efforts.
C. Evaluate processes and controls; make recommendations for improvements.

RESULTS BY AUDIT OBJECTIVE

Audit Objective A – Review current communication activities between TCDD staff and grantees: Identify communication processes and controls currently in place and in use by TCDD staff for benchmark and comparisons.

Results and Conclusions:

We were provided information and sample documentation to illustrate the new grantee orientation process, in addition to policies and procedures at TCDD related to the grantee communications process. Our goal was to review the processes and make recommendations to improve and possibly streamline the processes. In addition to orientation, trainings, and communication channels by telephone, mail, email, and face-to-face meetings, there are online tools to guide grantees in preparing required reports on their activities. Research was also conducted to identify common grantee communication practices for activities that might enhance TCDD's communication efforts.

The information provided by TCDD on their processes was summarized and compared to guidance from OMB Circulars and the State's UGMS to test for compliance with standards, such as pre-award policies, award notices, site visits, technical assistance, etc. TCDD has processes, controls and resources in place to fully comply with those standards.

Research found several articles on best practices in communicating with grantees. This information was shared more fully with TCDD staff. Following are some promising practices identified in research:

- Regularly discuss grantee communications challenges, best practices, and the results of customer satisfaction surveys, such as during staff meetings;
- Incorporate grantee communications and the results of customer satisfaction surveys into staff performance appraisals;
- Develop key messages for staff and Council to describe the organization, respond to current issues, and explain changes in strategy or guidelines;
- Convene grantees and potential grantees (for example, in listening tours, community meetings, town hall meetings, and focus groups), both to learn from them and to update them on organization plans or changes;
- Document the grantmaking processes by creating a grantmaking manual or other standards;
- Develop "pledges" to grantees that outline what grantees can expect from the organization and what the organization expects of grantees, as well as the organization's distinctive way of working with grantees;
- Ensure consistent grantee communications with all TCDD staff, using tools such as communications standards or checklists;
- Ensure effective and timely feedback from grants staff to communications staff, so that changes can be made to websites, funding guidelines, and other grantee resources;

Audit Objective B – Survey grantees for their assessment of the staff communication efforts:
Through a survey process, evaluate the effectiveness of TCDD's communication activities by requesting input from grant recipients.

Results and Conclusions:

The survey response rate was 44% - 16 responses, out of the 36 requests for participation sent out. The majority of respondents, 68%, had been working with TCDD for a year or more, with 32% having less than one year of experience. The questions and non-identifiable responses were provided in full to TCDD for evaluation. This report will briefly summarize the survey results.

All grantees acknowledged receiving an orientation that discussed TCDD's organization and structure, including the role of the Grants Management Team and the project's fiscal, administrative and reporting requirements. The majority rated the orientation process as excellent or satisfactory. Some recommended additional help for those projects that operate on different time periods than most grantees. The majority also rated the information and materials provided during the orientation process as excellent or satisfactory. Comments included that the material was comprehensive, but could be better organized. A quick reference guide to required approvals, reports, deadlines, was suggested.

All of the respondents reported they have used the online TCDD Grants Manual. A majority, 88%, rated the ease of finding information in the Manual as excellent or satisfactory. The same majority rated the helpfulness of the information found in the Manual as excellent or satisfactory. Commenters would like to see more information for exception items, such as more direction and input on "how to calculate performance measures"; more guidance to grantees that are on a different time schedule; and some clarification on financial review requirements.

There were some comments about problems with accessing the Manual to download information. The problems identified are access issues rather than Manual content issues. There have been problems with multiple log-ins required, or with password problems. Another issue identified is the need to use different logins for each grant when one organization is reporting on multiple grants.

All respondents stated that they would know who to contact at TCDD if they had questions. Most had contacted TCDD 10 or more times in the last year, including contacts by mail, telephone, e-mail, or face-to-face contacts.

We asked participants to rate the difficulty of using the various forms, reports, and processes required on their projects. For each process the responses seemed to follow experience levels – staff of newer grantees had more problems with the forms and processes than staff of more experienced grantees. A summary of results by inquiry is presented below:

	Easy	***Difficult***	***N/A***
New Grant Award Application - Continuation Workplan	68.8%	31.2%	0.0%
Project Performance Reports (QPPR)	93.8%	6.3%	0.0%
Financial Reports (Grant Awards, RAR, Budget Revisions)	50.0%	37.5%	12.5%

Most survey responses rated their organization's preparedness for and comfort with the onsite review process based on TCDD's communications and available resources as either excellent (37.5%) or satisfactory (44%). Other responses included average and not applicable (because someone else does it).

A few questions were posed to assess the grantee's knowledge of various processes they may encounter in the management of their project. This question sought to evaluate if grantee's staff are familiar with what actions are triggered by certain project activities.

Do you know when / what to submit for the following?	***Yes***	***No***
Budget Revisions	75.0%	25.0%
Personnel Changes	91.3%	18.8%
Audit Requirements	87.5%	12.5%
Final Closeout Reports	87.5%	12.5%

For the most part the negative responses were from the newer grantees, although there were some more experienced grantees who also responded negatively to some of these.

We requested respondents to tell us about what types of technical assistance they have requested from TCDD. 80% had requested assistance with budget revisions and with quarterly grant reports. 40% had requested assistance with personnel revisions and with final reports. Comments added these other topics on which they've requested assistance: Financial Review guidelines, Advisory Council nominees, and Requests for Reimbursement. They also noted that assistance was obtained through various communication channels, including by phone, email, and through the website.

We followed up by asking responders to provide a rating on their overall communications experience with TCDD staff. All responses were positive, as shown below.

	Strongly Disagree	***Disagree***	***Strongly Agree***	***Agree***
Courteous	0.0%	0.0%	87.5%	12.5%
Responsive	0.0%	0.0%	81.3%	18.7%
Knowledgeable	0.0%	0.0%	56.3%	43.7%
Timely	0.0%	0.0%	68.8%	31.2%

We asked if there were any particular concerns that survey respondents would like to share. Comments included the following:

- Website issues – out of order when information deadline is near
- Outcomes to report are not always compatible with grant award
- Guidelines were written with nonprofits and universities in mind; small business is different and adapting to requirements is time-consuming. If TCDD plans to continue working with small for-profit businesses, it might be worth taking a closer look at some of these issues.
- The continuation / grant application form itself is cumbersome due to the formatting
- We seem to have complex funding for the program that TCDD funds which can make it difficult to communicate with the financial staff at TCDD.

We closed the survey by asking if respondents had any suggestions for enhancing the quality of the TCDD communications process. Comments included:

- I appreciate the personal attention we receive for our project. No concerns and no suggestions other than to continue the personal approach with us grantees!
- Have a webmaster fix the website or create a new one for outcomes reporting. Also, clarify with grantees what outcomes are to be reported BEFORE you determine what is required. We might be able to advise you on more appropriate outcomes to report.
- I think tailoring the process somewhat, to the individual starting points of each grantee, flagging specific points where reports or expectations will be out of synch with the original timetable, and informing grantees proactively, rather than after they are late, would alleviate a great deal of frustration.
- I have always found TCDD staff to be prompt and courteous in responding to questions and concerns. I really appreciate the atmosphere that is fostered at TCDD – "We all want the best for our stakeholder, so let's work together to make it happen!"

Audit Objective C – Evaluate process and controls; make recommendations for improvements:

TCDD Procedures include outreach to grantees in the forms of orientation, training, various communication channels, and monitoring of grant projects. The survey suggests that while there are some problems in some areas, these concerns were relatively few and were generally from new grantees. The overall response to the survey was very positive. Some grantees did identify areas where they have had some problems, and these areas will be addressed individually. Major changes are not needed, but rather clarification on some issues, and perhaps a quick reference guide that would provide a ‘quick glance’ reference as to what items require approvals, when reports are due, or when special forms or approvals are required.

In addition some useful information was gathered from the internet research of logical techniques that TCDD should consider adapting. Some of the items listed below are already in place at TCDD. They were not removed in order to highlight that some best practices are already utilized by TCDD.

Written grantee communications guidance in the form of standards or a checklist is recommended. An example was provided to TCDD for use as a guide if they decide to implement. Some other promising practices identified include:

Setting Expectations

- Review all of the required proposal documentation with every applicant (proposal questions, budget template, reporting questions, etc.);
- Explain the process and timeframe for approving or non-approved of grants;
- Use the RFP and grant negotiation process to clarify scope, timeline, expectations, deliverables, and requests for reimbursement schedule;
- Determine how (email, phone, mail, and face-to-face meetings) and how often the TCDD grants staff and grantee will communicate;
- Let the grantee know what is expected in terms of final report questions, specifying the deliverable, etc.

Communication During the Grant

- Schedule and conduct periodic check-ins with grantees;
- Use email to communicate with grantees when appropriate, because this allows the TCDD grants staff to document and track communication, as well as to copy program assistants;
- Summarize and document key decisions made with grantees, as well as next steps;
- Coordinate with other TCDD communications staff as needed, including setting up a process and procedures for interactions to support grantee activities; and
- Meet with grants staff regularly to discuss the status of proposals and grants and to determine communication needs.

Reviewing Reports and Deliverables

- Send reminders of deliverable deadlines in advance to new or at-risk grantees;
- Review outlines and early drafts of reports to ensure the grantee is on track;
- Email questions about reports in advance of discussions with grantees; and
- Discuss interim and final reports with grantees and request revisions if needed.

RECOMMENDATION:

Recommendation #2013-1-01: Use the survey results to identify and review processes, forms, and website access issues to improve the grantee communications process. Consider developing written guidance on grantee communications for staff, periodic grantee surveys, follow up with grantees on problem areas; encourage electronic communications, and other communication tools to enhance the process, as deemed appropriate.

#2013-1-01 Management Response: TCDD concurs with the audit review recommendations. TCDD will develop guidance for staff communications with grantees; review comments from the grantee survey to identify areas of improvement; and will solicit additional input from grantees about specific concerns and strategies for improving grants related forms, procedures and website access.

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