



## Specific Responses to Councilman Cohen's Correspondence

- 1. When will the remaining Year One funding be fully disbursed? Will you commit to continuing to work with those organizations that have not received their full grant award based on the change in reporting requirements by ABC? Can all organizations (including those that have fiscal sponsors), still receive additional support from ABC and its consultants?*

### **Response to #1:**

To date, three organizations (or their fiscal sponsors) have not received their full grant awards. This was not based on any change in the reporting requirements by ABC. Two of the organizations received front-loaded grant funding from their fiscal sponsor, and we are seeking to resolve what is appropriate documentation for the expenditures before releasing the remainder of the grant funds to the fiscal sponsor. The initial "grantee onboarding" indicated that receipts were acceptable forms of documentation and in some instances, we have had to request copies of cancelled checks. After the City Audit and subsequent conversation with Baltimore City Government, ABC determined that they needed to ensure greater due diligence of documentation for the City dollars. Although we are mindful that the spirit of the Fund was to provide flexibility to meet the needs of smaller, community-based organizations. This is one of the current challenges of the Fund; its intent versus the expectations associated with City dollars. During Year One, when we realized how much of a problem this was, we had separate meetings with the various fiscal sponsors to discuss appropriate documentation.

For these two grantees, we are seeking documentation for specific expenditures. We have been working with the fiscal sponsor since August 2019 to obtain the documentation or an alternative means of verification prior to release of the final disbursement.

The third grantee is a single staff smaller organization who had a grant for \$20,000 (Level 1); at the close of the grant year after the no costs extension, the grantee had been traveling. So, the follow up via email and subsequently working with the finance technical assistant person took some time based upon his availability. The grantee is very cooperative and has now been able to produce the requested receipts and other documentation. We expect to close out this report within the next few days. If an alternative means of documentation is needed for any missing receipts, we will bring this issue to the City Comptroller's Office and follow their guidance.

The Mayor's Office has agreed to coordinate a meeting with ABC and the City Comptroller's Office so they can provide guidance for us on what we can accept as documentation for expenditures. Our normal auditing standards are the request for receipts.

An alternative suggestion we would like to recommend for a small grantee, less than \$20,000, would be the provision of a detailed spreadsheet/budget with a statement attesting to the truthfulness of the information in the document. It would be signed by the Program Director. This would serve as verification of their expenditures.

If alternative documentation becomes necessary for any of the remaining grantees, once the City provides us with what is acceptable documentation to meet their standards and the grantees produce that documentation, we can immediately release their final grant payment.

In addition, we will ask the City Comptroller how they want us to treat grant expenditures that we deemed not allowable for Year One grantees as we move into Year Two. This is where the grant dollars were in fact spent but the expenditures were not found to be allowable.

We will continue to provide technical assistance support to the grantees and the fiscal sponsors. We discovered that several of the fiscal sponsors need to develop clearer procedures and processes and they in fact need support to further enhance their organization. One of the fiscal sponsors has a summary document to be completed by the grantees which require receipts; however, they were not collecting receipts. We have a copy of their internal document. We also had several meetings and one on one sessions with different fiscal sponsors prior to the end of the grant cycle when we learned about their own internal challenges. Many of them have been very responsive to implementing changes and others are very resistant.

- 2. When will Year Two funding become available? When can organizations that are in good standing expect to receive the funds? How can we avoid any further delays so that organizations can meet their payroll obligations?*

**Response to #2:**

We are ready to move forward as early as Tuesday, January 21, 2020 to meet with grantees whose program and financial reports from Year One have been approved and begin the process of approving Year Two grants. Year One only ended in October for those grantees who obtained a no cost extension and then they had another 30 days to submit their reports. Unfortunately, all reports were not submitted in a timely manner given all they were trying to manage. And the fiscal sponsors who advanced money to their grantees, in turn submitted the grantees third and fourth quarter financial reports all at the same time in November/December.

Several months ago, after discussion with the City (Mayor and City Council President's Office), we agreed to offer the no costs extension to grantees and Continuation grants. We felt that the grantees and our ability to support them was limited during the time of the City Audit along with the impact of the City's technology crash.

In addition, ABC had only allocated resources from the Fund for half time from our "accounts payable" finance staff; this staff person ended up working evenings, weekends and holidays and ABC absorbed the costs. ABC also brought on an additional accountant who provided us with additional capacity to review the materials; however only ABC staff has the final sign off authority. We used our Contracts and Grants Administrator to go on site with grantees and the fiscal sponsors to help them answer questions about gaps in their financial reports. This does not include the over 700 hours of technical assistance provided by the "finance technical assistance" consultant.

Please note, a grantees' financial report and documentation submitted electronically often yields up to 300 printed pages not including the excel spreadsheet.

Currently, there are 15 organizations who meet this criterion; however, six of those organizations have some expenditures from Year One that were not approved, or they underspent their Year One budget. If they underspent their Year One budget, the City Finance Director has given us approval to carry over these funds in their Year Two budget.

However, if the funds were spent by the grantee and disallowed, we will have to seek guidance from the Comptroller's Office. (In the grant agreement with ABC, it was stated that those funds would have to be repaid to the City).

The Year Two application is ready, and the technical assistance team is prepared to work with these grantees if they need assistance in completing the application. Each grantee will be given ten days to complete the application which includes their Year Two budget. Those applications must be reviewed by the program team and a financial expert; we have several grant program consultants lined up to review the applications and we have an external finance person to review the budgets. (If additional supports are needed for the financial review, we are confident that the City can provide some support for these reviews).

We anticipate being able to turn around the initial organizations who are ready to complete their Continuation application within one week from receipt of a finalized packet.

We will continue to expeditiously undertake and complete financial reviews for the remaining other organizations. Once those reviews are finalized, each grantee will be given ten days to complete the Continuation application.

The first cohort of Year Two grantees should have funding by early February 2020 assuming the grantees have **successfully addressed all items, including having appropriate insurance coverage and background checks**. The others will be approved on a rolling basis.

Currently we have four technical assistant consultants lined up to provide support to the grantees in their application process and each of them have an existing relationship with a specific set of grantees. We also have three program consultants and will seek additional staff if necessary. If at any time this level of staffing proves to be insufficient to expedite the review process, we will immediately notify the City and ask for their assistance in providing staff support.

We anticipate that the program team will, in some cases, recommend reducing grantees' level of funding based on their prior year's activity. The recommendations for these grantees can be forwarded to the City for a final decision; ABC will not make this decision.

We are open to discussion with the City and other partners on potential solutions for providing grant dollars to grantees if they are unable to meet the grant requirements; in many instances, for Year One, the grantees' inability to obtain specific liability insurance was due to the insurance industry's lack of understanding of their work. We found one vendor from the City's MBE/WBE list who was exemplary in finding insurance companies who would insure these Baltimore City grantees.

3. *When will you be able to fully transition funding from ABC into the permanent intermediary?*

**Response to #3:**

In a meeting the Mayor's Office, Councilman Zeke Cohen, the Finance Director and the Law Department, it was determined that the City would distribute a special grant to ABC to support the implementation of systems, purchase of insurances, grantmaking software, and initial staff for the permanent intermediary. The Fund for Educational Excellence has agreed to provide the staffing support working with the Board of Directors of BCYF to achieve these specific outcomes.

The transition of funding from the City of Baltimore to the permanent intermediary is dependent upon the passage of legislation formally establishing the permanent intermediary and a new MOU with the City of Baltimore and the permanent intermediary. The Youth Fund funding does not sit with ABC; it is held by the City of Baltimore and ABC draws down funding as needed for the grantees and administrative costs.

There has been significant progress in establishing BCYF as a permanent intermediary. They have a Board of Directors, Maryland Nonprofits has been contracted to provide board training, they completed the research to determine what specific type of grant software would be needed and have an agreement pending with the software firm, FLUXX. This is work supported by ABC using funding from the Youth Fund in 2019.

ABC will be working with the Board of Directors for the new BCYF entity along with the Fund for Educational Excellence to finalize their work plan that would allow them to be legally recognized through City legislation by March 2020. Understand that this means the new Board will be trying to set up shop while at the same time prepare to receive the transfer of the Year Two grantees and establish the grant agreements with the grantees selected from the "spring 2020" RFP release. To ensure long term success of the Fund, the new BCYF needs to be supported in this start-up phase.

Unfortunately, standing up as a permanent intermediary could not be accomplished in early 2020 as we anticipated due to limitations in funding and authority available to ABC. We have been talking with the City for several months and had shared the challenges of transition and standing up the new entity. The recent meeting generated major progress in our planning to make the new entity a reality this year.

As was agreed in the meeting, it is critical that the new BCYF be stood up and begin preparing to take over work with the Year Two grantees by May/June 2020.

We are grateful to have agreement with the City about this to ensure that we were collectively planning for a smooth transition for the grantees in July 2020. ABC sunsets in this role per the legislation as of June 30, 2020. We felt it would be irresponsible to start Year Two grants unless we were all in agreement about the timing, support and resources necessary to achieve this goal.

4. *When will ABC be prepared to move forward with a second “Request for Proposal” for Year Two?*

**Response to #4:**

ABC is prepared to move forward with an RFP which would culminate in June 2020 with the selection of additional grantees for Year Two. Per the MOU and the Youth Fund Advisory Committee, this process must be handled outside of ABC as the intermediary.

One of the firms that was involved in the initial RFP process is available to assume responsibility for the RFP process. Their roles would include: review last year’s design and process; develop and release an updated RFP; recruit, select and train community reviewers; partner with community group to participate in the selection of the reviewers; facilitate and document the RFP selection; notify applicants about grant decisions; and create final report about the process with documentation.

The work would have to start by February 1, 2020 so the RFP could be posted by late March 2020 and selection by late June 2020. The work would be managed by ABC.

Amount of money released in this RFP for Year Two:

- Approximately \$3.0 (the balance of money not used for the Continuation grants for Year Two; we will not know the firm number until we complete the Continuation grants).

Costs: \$350,000