

## Frequently Asked Questions about Prequalification

### 1. How does Prequalification fit into the bigger picture of Grants Reform?

“Grants Reform” refers to the exciting initiative launched by Governor Cuomo this spring that includes a multi-pronged approach to reforming the State grant contracting process. The goal of the system is to simplify and streamline the grants management process for non-profits with the expectation of speeding up the contract award, approval and payment processes. Grants Reform includes 5 key components:

- **The Grants Gateway** – a web-based one-stop location to browse, search, and review anticipated and available grants opportunities. Non-profits will register in the Gateway, and perform all activities through this portal.
- **Prequalification** – Prequalification is a system that will allow non-profits to complete many of the administrative tasks that are included in applying for grants prior to the actual grant application process. In this way, any deficiencies or gaps in their materials will be identified early on so they can be corrected quickly before they compete for an RFP. Once non-profits are registered in the Gateway, they can begin the Prequalification process right away.
- **The Data Vault** – once prequalified, non-profits can store all of their documents and information in a secure data vault set up for them. Only the non-profit and other State Agencies will have access to the information. This will eliminate redundant submission of this data for each RFP proposal later on.
- **Master Contract for Grants** – The Master Contract for Grants consists of one set of contract documents to be used by all State Agencies. This will create a simplified and standardized approach to grant contracting, making doing business with NY State Agencies and programs far more efficient.
- **Multi-Year Contracting** – State Agencies will be asked to implement multi-year contracts for their non-profit partners beginning this spring. It is recommended that contract terms for up to 5 years be implemented as a way to reduce paperwork and processing time along with reducing cash flow problems for vendors.

### 2. What is Prequalification and how will it impact my ability to apply for State contracts?

The objective of Prequalification is to give non-profits an opportunity to submit required information prior to the RFP process, thereby giving non-profits a chance to iron out problems and concerns before competing for a contract. In addition, under the new online Prequalification system, non-profits can upload organizational documents and other information into a secure data vault. All Prequalification application information will be maintained in the vault for up to three years. The non-profit and NY State Agencies will have access to the non-profit’s information, eliminating the need for redundant submission of such information for each grant proposal.

**3. Much of the information requested during Prequalification is asked for during the contract application process anyway. It sounds like NY State is requiring non-profits to do twice the amount of work to compete for contracts now!**

While it may be true that some of the information requested of non-profits during the Prequalification phase will duplicate what may be requested during the contract phase by VendRep, it's important to point out that Prequalification has two distinct advantages. First, rather than having to wait until the contract submission phase to learn that one's organization has deficiencies in certain areas and ineligible to compete for a State contract, Prequalification allows organizations to get an early "read" on where adjustments need to be made. Second, once organizational information is gathered and stored in the data vault, it can be easily accessed, downloaded and copied for multiple forms and grant applications. The hope, of course, is to get to a point where all State systems are linked and coordinated so as to bring such redundancies to an absolute minimum.

**4. My organization was always exempt from having to file a VendRep with the State. Will we have to submit to Prequalification?**

Yes. The important thing to understand is that Prequalification is a method by which State Agencies can both get a sense of whether non-profits have the essential ingredients to do business with the State, and it's also a way for us to help non-profits identify problems and concerns early on so they can repair these issues before they compete for contracts. We want to see a broad pool of non-profits apply for State contracts. Our goal is to help them get there.

**5. Will this mean that someone will decide whether I can or can't apply for an RFP? In the past, any non-profit could submit a proposal.**

It's true that, in the past, any organization was free to submit a proposal in response to an RFP. However, keep in mind that, much of the information requested during Prequalification now has been requested of non-profits during the proposal process. State Agencies and the Office of the State Controller through its VendRep form, have always requested similar information. The trouble with the old system is that, if deficiencies were spotted, they would often delay the review of non-profit proposals and they would certainly hold-up a potential contract award until all deficiencies were remedied. In some cases, they might have prevented a non-profit from being award a grant. Under the new system, any and all concerns can be corrected up front so we can keep the contract review process moving forward as efficiently as possible.

**6. My organization is not a corporation, so I guess I won't have to go through Prequalification, right?**

If you're not incorporated, then, chances are, no State Agency will be issuing you and your organization a grants contract directly. The State Agency will want to contract directly with

either your parent organization or your fiscal agent. It will be that entity who should prequalify with NY State. When applying for State contracts, there will be an opportunity for the parent or fiscal agent to explain the relationship between the parent and its programs that will be carrying out the services under the contract.

**7. Our organization does not yet have its 501(c)(3) status from the IRS. Does this mean we will not be found eligible under Prequalification?**

Not at all. As long as your organization is seeking tax exempt status and can show that it has applied for either a 501(c)(3) or 501(c)(4) tax exemption from the IRS, then by uploading a copy of your application form or a copy of the receipt letter from the IRS, everything should be fine. Also, we recognize that some tax exempt organizations are not required to file for a 501(c)(3), so they will not be penalized for not producing this document.

**8. My organization is very small. We're basically a 'mom and pop' business. We don't really have board meetings – it's just two of us running the organization. We don't hold formal meetings or keep minutes. Does that mean we won't prequalify?**

When it comes to small businesses, we realize that some requirements can seem almost artificial. But keep in mind that these requirements have been put in place for a reason, and once organizations get in the habit, they're not too burdensome. By law, in order to form a business, the Department of State requires you to name three people who will serve as your founding board members. Ideally, you'd want a larger board to oversee your business, but you can get away with only three under NY law. Board members should adopt bylaws and meet regularly to make sure the business is running according to its mission. Webinars and clinics will be set up soon to help non-profits get up to speed in these areas. The Grants Reform website has provided informational resources and templates for Bylaws, Board Profiles, Board Resolutions and other helpful to help make the transition as simple as possible.

**9. My organization already has an existing contract and a long track record. In fact, our contract is about to come up for renewal. We won't have to go through Prequalification, right?**

All organizations, no matter where they are in their contract cycle will have to submit to Prequalification. Only in cases where, prior to July 31, 2013, a contract or contract renewal has already been approved by the State Agency and is in the hands of OSC staff for final approval, will vendors be permitted a one-time conditional approval. That is, the vendor can count on receiving their grant award, as planned, with the understanding that it will still have to complete the prequalification application to make sure it's fully compliant under our new system.

**10. What if I have an existing contract, I go through Prequalification and I fail? Does that mean you'll pull my contract?**

That's certainly not the intention of Prequalification. If for some reason, an existing vendor fails Prequalification, then the State Agency with which it has a contract will do everything it can to work with the non-profit to help it correct any outstanding deficiencies or negotiate a corrective action plan. However, if, through Prequalification, a more serious legal infraction is discovered, then the matter would be reviewed by the Agency's Executive Deputy and, perhaps, the Prequalification Officer and/or someone from Counsel to determine the proper course of action. The goal is to help organizations succeed and not to have them fail.

**11. What happens if I don't pass Prequalification? What are my rights; what are my options? When can I reapply?**

There are very few circumstances under which a non-profit will outright fail Prequalification and be deemed ineligible to apply for a State contract or apply for a renewal or amendment. Those circumstances would include a refusal to respond to a question; or an affirmative response to one of the more critical Integrity questions pertaining to past criminal behavior, fraud or other types of malfeasance that might highlight the non-profit's lack of ethical behavior. Even in these circumstances, Prequalification Specialists will not make hasty decisions to deny eligibility. Rather, these cases will be pushed up to the Agency Executive Deputy for further review and consideration.

In the rare event that an organization's file is pulled for further review, the non-profit will be notified immediately and asked for clarifying information. Chances are, the Executive Deputy will be in contact with the non-profit to ask questions or may hold a meeting to discuss the findings before making a final decision. If the non-profit is deemed ineligible, the non-profit will be entitled to an appeal. Within 30 days, the organization must write a letter requesting a hearing, stating why it believes the findings were improper. The Prequalification Officer will convene a review panel, which will either render an opinion based on the record, or will arrange to meet with the non-profit in addition to reviewing the record. The review panel must come to a final decision within 30 days of the request date. Once a final decision has been made, the decision will stand for one year, unless an alternative decision is reached.

**12. Who makes the decisions regarding Prequalification?**

Once your application and all supporting documents have been submitted, the trained Prequalification Specialist within the State Agency with which you currently have the most contracts, or, if you are a new vendor, the State Agency with which you expect to have the largest contract, will review your materials and will be in contact with you if more information is needed to complete your file.

In the event there are concerns with the application, as noted above in Question 11, the Prequalification Specialist will forward the file to the Executive Deputy for further review.

When there are disputes about process, or questions about interpretation of the Prequalification guidelines, then the Prequalification Officer can also be consulted.

Finally, if objections are raised by the non-profit about the Agency's decision, then a panel can be convened comprised of a member of Counsel's Office, the State Agency Executive Deputy, the Prequalification Officer, and at least one other outside expert.

### **13. How long does the Prequalification process take?**

The process of completing the application itself should be relatively easy. If an organization has all of the requisite documents, it will just be a matter of uploading the documents into the portal, as requested. The remaining questions have been reduced to simple yes/no questions and drop down boxes, thereby minimizing the time required to fill out the form.

State Agency Prequalification Specialists have been asked to not invest a great deal of time in analyzing each response provided. In other words, the goal is not to determine whether an organization has submitted the "right" Bylaws, but rather, that they have Bylaws for their organization and that the organization appears to be in compliance with them.

The goal is to have the review of each application completed within 30 days so as not to delay the eligibility determination.

### **14. What happens if my application is pending and an RFP is posted that I wish to apply for? I'm worried that my organization will lose precious opportunities to compete for these contracts.**

If this happens, then the non-profit should bring it to the attention of the Prequalification Specialist. The non-profit should identify the specific RFP for which it wishes to compete, noting the deadline for the application, and it should request a one-time conditional approval. The Prequalification Specialist will submit the request to the Executive Deputy for review and, if approved, the non-profit will receive a ticket number allowing it to compete for the contract. This does not mean that the non-profit does not have to fulfill the Prequalification requirements. It simply means that it is allowed to submit its contract application while completing the Prequalification process.

### **15. Will I have to do this every year?**

No. The beauty of Prequalification is that each non-profit will submit a Prequalification application once every three years. However, once the information is stored in the vault, the non-profit has an obligation to keep the information current or it runs the risk of losing

its eligibility status. The online system has been designed to send out alerts to both the non-profit and the State Agency letting them know when a critical document is close to expiration.

**16. Is the information in the vault secure? Who sees it? Do I have access to it? Can it be shared?**

When a non-profit organization begins the Prequalification process, it is assigned a unique user ID number granting it access to a data vault. Only the non-profit itself and other State Agencies will have access to the information stored in the vault. The information is otherwise secure and inaccessible by anyone outside of State government. The non-profit can access its own information at any time to revise, amend and upload new information into its file.

**17. I want to make sure my Prequalification file is up to date. How do I keep track of the information?**

The system has been designed with a “tickler” function so that whenever a key document is getting close to its expiration date, an alert will be sent to both the non-profit and to the State Agencies with which the non-profit conducts business, letting them know that the file will have to be updated or the vendor will be at risk for losing its eligibility status.

**18. I have multiple contracts with multiple Agencies. Who is my Prequalification Specialist going to be?**

We decided that the easiest way to handle that dilemma was to allow the Agency having the largest number of contracts with the non-profit review the Prequalification Application. The application questions are contract neutral. So, it should not matter which Agency conducts the review because a determination as to whether the organization is able to conduct a specific type of services is not required at this stage.