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BEST PRACTICES IN GRANTS MANAGEMENT

Managing a nonprofit's grants and contracts is a multifaceted and complex task. Having a seasoned grants manager is essential for any organization especially one that receives multiple grants (including federal awards). A well-trained grants manager will not only coordinate the entire grant process – from development through closeout – but he/she will also ensure ongoing communication throughout the grant's lifespan.

Below are four best practices that any organization receiving grants should adhere to.

1. Create a Well-Trained Team

The overall development, implementation, and closeout of a grant will typically fall on various departments within an organization. For example, a development department may be assigned with writing and submitting grant proposals, a program department will be responsible for implementing the grant activities and producing the necessary deliverables and reports, and a finance department will be tasked with reporting grant expenditures, managing the budget, and ensuring full cost recovery.

Under such scenario, it's often easy for each department to become siloed and only focused on their responsibility under the grant agreement. However, this should never be the case. Each team should be included in the entire grant process -- from proposal development through grant closeout. Together, the teams should coordinate timelines and deliverables before submitting a grant proposal. The program should work closely with finance to make sure a budget is developed that accurately reflects the cost of the program – including the recovery of any overhead costs.

After the grant is awarded, the various teams should establish reoccurring meetings whereby everyone comes together to ascertain how well the program is running. During such meetings, the teams should confirm the deliverables and confirm that they are being met within the agreed timelines, and the teams should also review grant expenses and confirm that these coincide with the agreed budget. By conducting these on-going meetings, the teams can identify problems in advance and determine if changes (i.e., amendments) will be needed on the grant agreement. This would include decisions on whether to ask the donor for a grant extension and/or budget modification – which any donor would prefer in advance instead of after-the-fact.

2. Create a Well-Organized Grants Management Process

An organization receiving a grant should setup a system in advance for tracking the grant. This would include tracking all donor correspondence, grant documents, and deliverables. This system should be understood by everyone working on the grant and it should be easily accessible so that staff can find grant materials with little effort. An easy to understand system will also prove helpful should there also be staff turnover during the life of the grant.

The organization should also make sure that the grant proposal budget is formatted in a way that it matches (or maps to) the organization's chart of accounts. Using line items in a proposal budget that do not conform to the organization's own internal accounting system will make it extremely difficult and time consuming to generate financial reports. Occasionally, donors will stipulate the budget line-items in advance. If this is the case and if these required line-items do not adhere to the organization's chart of accounts, a system should be set-up to map the chart of accounts to the donor's required line items and/or changes should be made to the accounting system prior to entering into the agreement.

A joint calendar should be developed that tracks all reporting and deliverable deadlines, and this should be accessible to all team members. The calendar should account for preparing and reviewing documents prior to the deadlines. Having such calendar in place will also prove helpful if the organization is managing multiple grants

as it will provide staff with a holistic look at reporting deadlines throughout the year. This will make it easier for staff to manage their workload and even plan time-off.

3. Take Stock of Organizational Capacity

When writing a grant proposal, an organization should confirm that it has the capacity to deliver on the activities and deliverables being proposed. If there are projected shortfalls, the organization should be sure to account for these in the proposal. For instance, if new staff must be hired, the proposal timeline and budget should account for this – including time to onboard and train a new team member.

The organization should also confirm that the proposed budget is realistic. If there may be cost overruns or unallowed costs incurred, how will the organization account for this, and are there other sources of funds that the organization may have to utilize in such instances. When reviewing the proposed budget, the organization should also ensure it has accounted for all costs that are necessary to carry-out the proposed activities. Often times, nonprofits will underestimate these costs to appear as a more favorable applicant on a grant proposal. In the end, however, this does injustice to the nonprofit as it risks undervaluing the grant and thus requiring the nonprofit to find other funds to supplement the grant, and it also prevents the donor from accurately comparing proposals and may put forth a false sense of cost and effort to complete the planned activities.

4. Recognize the Legality of the Grant Agreement

An organization should ensure all team members read and understand the grant agreement prior to signing. This includes confirming everyone understands the budget, reporting deadlines, and deliverables. In addition, should there be other constraints placed in the agreement, these should also be understood by the team. Such constraints could include restrictions on how funds need to be spent, unallowable costs under the grant, and the ability to apply retroactive expenses prior to signing the agreement. There may also be conditions in the grant that will impact when revenue can be recorded, ownership requirements on any work product produced using grant funds, and restrictions on the use of the donor's name. All of these nuances should be understood by all team members.

Organizations should consider having legal counsel review the grant agreement before signing. If there are any foreseen issues, the organization should ask the donor for changes to the grant agreement prior to signing. This includes altering deliverable due dates and reporting timelines.

Grants are a wonderful opportunity for an organization to fund their mission and enhance their programs, but there are some added complexities with grants that an organization should consider. In addition to creating an internal grants management system that encourages organization, open communication, and well-trained staff, nonprofits should also ensure there is an open line of communication with donors. Preventing misunderstandings internally are just as important as preventing misunderstandings with the donors themselves.

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