

How are awarded funds budgeted and managed?

Last Modified on 12/28/2021 8:21 am EST

If you're a nonprofit organization your funding may be associated with a grant, a contract, or a program requiring reporting to track employee labor and non-labor expenses. When funds are awarded to you by another entity, whether a government agency or a private entity (such as a foundation), then you are subject to accountability to that funding source.

This requires careful budgeting and management of funds, in addition to being ready to show that the costs covered by the funding source were in compliance with the award guidelines if and when audited.

Allowable and unallowable costs that can be charged to a particular grant/program/contract and funding source vary, and are identified within the policies or guidelines agreed upon when the award is accepted. Allowable costs are costs that can be charged to the grant or used as a part of cost sharing (when matching funds are required as a condition of receiving an award.)

In general, a cost is allowable if it is incurred through work activities that are necessary for producing the outcomes described in the agreement and occur during the award period, for example, labor costs (salary and benefits, or fringes) of staff working on the grant/program/contract.

Salary and benefits of staff working on the grant/program/contract are an example of a direct cost.

Direct costs are the activities or items that are associated entirely with the grant, program, or contract and may also include items like project materials.

Indirect costs include items that are associated with running the organization as a whole, like administrative staff salaries, rent, utilities, office supplies, etc. Award guidelines specify how much, if any, percentage of these costs can be charged to a particular grant/program/contract.

Another important part of fund budgeting and management is outcomes tracking. In order to show funders that you are meeting your goals, you will want to measure outcomes in order to forecast or project future funds needed to accomplish similar goals, for example, how many clients were actually served during the award period.

Being under-budget at the end of an award period can be just as problematic as being over-budget.

If you use less money than planned to produce an outcome, you may not receive the same amount the next award period.

You may be using an accounting system to help you keep track of your burn, or spend, rate, (the rate at which you are spending money per month) in order to project how much money you'll need to keep operating for a period of time, but it takes into account all operating expenses, and doesn't break it out by funds (grant, contract, or program.)

To be ready for funding source reporting, you may be keeping track of all costs across grants, programs, or contracts on spreadsheets, using fixed allocations through your Time and Attendance system, and pulling together data from your separate Time, Payroll, and/or Accounting systems, which can be unreliable and time-consuming to manage.

How can IDI help?

IDI can automate your time-consuming processes and help prevent audit anxiety!

Our web-based solution GrantAlytics is designed for non-profits to optimize your pre-award and post-award grant (or other funds) management and budgeting processes in one place.

Along with our Time Bank™ Salary Allocation solution data feed, GrantAlytics lets you see how your funds are performing—and why—with actual data, not estimates, by leveraging labor data from your workforce management system. When salary exempt employees work over or under standard pay period hours, Time Bank can be configured to allocate their earnings proportionally across different labor codes worked (e.g. department, project, grant, contract). Time Bank also has the flexibility to allocate the exempt employee's PTO earnings proportionate to the worked time labor distribution or to a fixed account. These results are sent to payroll and populated in GrantAlytics each pay period in order to compare the award budget to actual labor expenses.

GrantAlytics gives ongoing visibility and insight across all funded projects, including allowing for cost-sharing of matching funds and the ability to import non-labor expenses. You can also import post-payroll benefits and taxes so your true labor burden across funds match your general ledger. Labor burden, the actual cost of the employee including salary and benefits paid to the employee on your payroll, is important to include when reporting on the full cost of labor.

With GrantAlytics' interactive dashboard you can take a proactive approach to fund management with visibility into actual labor effort, expenses, funding balances, and wage allocations in order to take corrective action sooner rather than later to prevent over or underspending.

You can stay prepared for audits and reporting requests and maintain peace of mind that you can easily deliver up-to-date, customizable reports in case of an audit or any time your funding sources require a status update on how funds are performing against budget. With GrantAlytics' Outcomes Tracking feature you can also provide accurate forecasting.

With GrantAlytics you can also manage grant, program, or contract-related tasks and documentation in one place. At the individual fund level in the budget tool on the dashboard you can assign staff to the grant or fund, assign tasks to staff, share notes, and upload copies of receipts or presentations.

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