

Grant Management

Grant management is a system that includes applying for and securing grants, adhering to requirements, disbursing funds, evaluating outcomes.

Grants are provided to fulfil a specified purpose, a definite outcome. Provided to institutions constituted or incorporated as such by law.

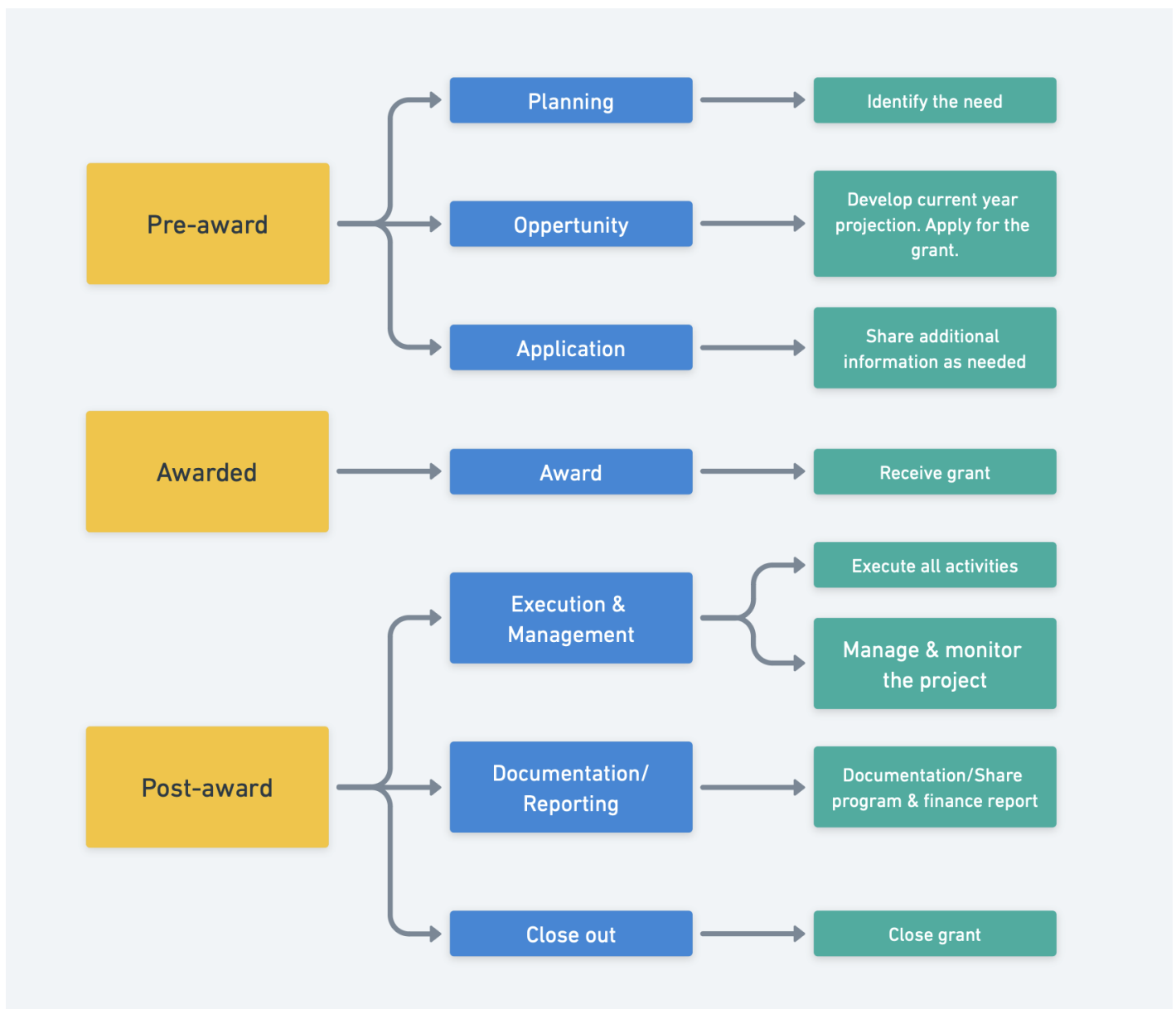
Recipient, Sub-recipient and Vendor

Recipient is the organisation receiving the grant. A recipient is sometimes called the Prime because they have the full responsibility for the funds. The document evidencing is a grant contract

Sub-recipient is involved in substantive activities of the award project. The recipient passes on some or all of its duties to the sub-recipient through a sub award. All the terms and conditions from the grant award flow down to sub-recipients through the sub-award. The document evidencing is a sub grant contract

Vendor/service provider, is one who provides goods/services to the recipient so the recipient can accomplish the project's purposes. Selected terms and conditions might be passed through to the vendor. The document evidencing is a contract

Grant management lifecycle



Illustrated:

Pre award:

- *Planning*
 - *Identify the need*
- *Opportunity*
 - *Develop current year projection. Apply for the grant.*
- *Application*
 - *Share additional information as needed*

Awarded:

- *Award*

- *Recieve grant*

Post award:

- *Execution & Management*
 - *Execute all activities*
 - *Manage & monitor the project*
- *Documentation/Reporting*
 - *Documentation/Share program & finance report*
- *Close out*
 - *Close grant*

Principles of grant management

- **Accountability & Transparency** with respect to utilisation of grant funds.
- **Efficient & Effective** use of the grant funds.
- **Compliance** with applicable laws of the land.
- **Adherence** with terms and conditions of Grant Agreement.
- **Internal controls** i.e. financial and accounting systems, budgetary control, funds management.
- **Timely submission** of narrative and financial reports as required under the grant.

Prerequisites for robust grant management system

- Policies & Procedures (Finance & HR)-ensuring strong internal control environment
- Accounting-ICAI Technical Guide for accounting of NPOs-framework
 - Fund based accounting for presentation of financial statements
 - Accrual basis of accounting
 - Maintenance of prescribed books of accounts
 - Accounting Standards as framework for recording and reporting in financial statements
- Segregation of duties-checks and balances, dedicated finance staff
- Encourage audit and assurance-risk mitigation

General Conditions of a Grant:

- Definition of Terms used in the grant Agreement.
- Commitments from Funder side.
- Commitments from the grantee side.
- Rights arising out of contracts.
- Technical and Scientific Reports.
- Fixed Assets and Equipments: where should they be used and how they will vest at the project end.
- Project Termination, normal, premature or in abnormal circumstances. Force majeure.
- Dispute Resolution.
- Confidentiality.
- Interest and Project Income.
- Employment.
- Force Majeure.
- Intellectual Property.
- Delegation.
- Notices.

Operational Terms and Condition of Grant

Example:

- Basis of accounting
- Separate Books of Account and separate Bank Account for Grant Funds
- Bills and Vouchers defaced with mention of project
- Limit on Cash Expenditure.
- Treatment of interest
- Procurement rules
- Inclusion of clauses as per the laws of land
- Program/Financial reporting and audit timelines
- Treatment of Fixed Assets
- Income generated from project activity
- Closure of grant

After grant signing, a “Compliance Calendar” be prepared to ensure all terms and conditions are being adhered as per grant.

Robust Grant Monitoring System

Grant monitoring is a process to measure/review performance during grant period. It assesses physical & financial progress, identifies risks and corresponding mitigation measures, ensures that funds are used as intended and programs achieve desired outcomes and impact.

Important Tools and Process:

- Complete understanding of terms and conditions of Grant contract.
- Budget and LFA clearly known to both finance and programme teams.
- Periodic Budget Variance/Deviation Analysis by finance and programme team and review by top management.
- Timely course correction through realignment etc through addendum in grant contract.
- Timely reporting-narrative and financial reports as stipulated in the grant contract.

Interest apportionment:

- With a single bank account for multiple projects, interest apportionment for reporting to donors has to be made as per well defined method.
- Interest apportionment not applicable for a dedicated bank account.
- Interest can be additive or deductive from grant as specified in grant agreement.

Common/Core Cost

- Shared costs by multiple departments (HR, Travel, Office Cost etc). Cannot be attributed fully to a single project but apportioned/prorated to donor projects/own funds.
- Common cost partially budgeted as direct cost is common direct cost.
- Basis of common cost allocation should be documented as common cost policy and shared with prospective donors at pre award/award execution stage.
- Allocation should not be based on “availability of budget funds.” Examples of allocation basis are percentage of space utilised, number of units, total staff allocated, contribution of staff to different projects based on time allocation.

- Common cost be managed as per organisation annual budget apportioned over multiple donor projects/own resources.

Salary Allocation for multiple projects:

- Staff cost for shared HR in a grant should be allocated and charged to donor grants as per grant and annual budget.
 - Monthly salary register/sheet with salary allocation of staff to donor projects, deductions/adjustments, variance versus previous month with reasons and banking streams. This is required for donor verification and audit.
 - Payment of salary out of FC and local funds.
 - Applicability of time sheets in donor contracts.
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