You Got the Grant, Now What? A Look at Grant Accounting Best Practices

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Congratulations – you got that grant. Now what?

That’s a frequent question asked by administrators of nonprofits, independent research institutes, colleges, and departments within large, research intensive universities.

Once grant awards are obtained, grant accounting is a key part of the process.

The Challenge with Spreadsheets

We’ve consulted with many organizations that turn to traditional spreadsheets to track grant funds.

It’s true that grant tracking spreadsheets are easy to setup and offer numerous options for maintaining information in tabular formats. They are also economical for small institutions since most users own and understand spreadsheets.

However, it’s not effective to use spreadsheets to manage a large number of grants.

Many organizations cite the following frustrations with grant tracking spreadsheets

- Lack of simultaneous data entry capability
- Limited data validation
- Maintaining multiple versions to meet specialized reporting requirements
- Overcoming security issues when data is stored within a single spreadsheet
- Difficulties when non-tabular formats are needed
- Difficulties in managing multiple key personnel on the same grant
- Difficulties in managing or comparing information that spans multiple years
- Maintaining multiple sub-totals when data is re-sorted
- Maintaining consistent internal coding systems to identify information as needed for departmental management

How Many is Too Many?

How many grants is too many when it comes to spreadsheets?
While there is no set number when a spreadsheet is no longer optimal, institutions must take into consideration the complexity or amount of data being maintained per grant and the total number of grants in relation to the bandwidth of a single administrator.

Another key issue is version control. For organizations that manage large numbers of grants, maintaining data integrity and keeping multiple versions up to date can become problematic.

**An Alternative Strategy**

Administrators of larger organizations frequently achieve success when they turn to automated solutions specifically developed to address the challenges of grant accounting.

Whether the technology is server or cloud-based, a key advantage is that staff members can simultaneously access grant tracking information – a plus for those projects that need monitoring by multiple administrators.

When compared to spreadsheets, administrators appreciate the ability to maintain data integrity and have access to features such as data validation systems, options for simultaneous data access, internal security systems, and numerous report formats.

**Best Practices in Grants Accounting**

When it comes to grants accounting, it’s also a best practice to directly interface with the organization’s General Ledger system, including payroll and purchasing. That way, an automated solution can combine actual expenditures with projected salary encumbrances / commitments, soft encumbrances related to a grant, and track it all in easy to interpret report formats.

Projection and commitment of HR costs is critical in grant accounting, since personnel costs can account for up to 80% of a grant’s direct costs budget.

When an organization automates this process, it’s easy to track project personnel costs by project budget period, as well as generate projection reports that provide summary by project, monthly projected expense by project, and other HR related reports.

In all, organizations achieve significant process improvements when they move from stand-alone spreadsheets to a more sophisticated set of solutions that interface with the organization’s general ledger.

**Author Bio:**
Jim Wrenn is President, Founder and CEO of IT Works, Inc. Jim leads his team in the development of grant, research, and financial management solutions for college, university, research and healthcare institutions. With a PhD in Biomedical Engineering from the University of North Carolina at Chapel Hill, Jim has spent the majority of his career helping colleges, universities, and research hospitals improve and streamline their grant management processes through the development of advanced financial, human resources, grant, and facility management software systems.