Creating Compliant Grants Management Systems

A practical guide for ethnic community-based organizations (ECBOs)

Receiving grant funding for the first time is an exciting affirmation of the important work your nonprofit is doing, but it comes with many responsibilities. It is critical to set up organized grants management systems from the start to pave the way for effectively managing more and larger grants down the road. This guide will walk you through the process of creating compliant grants managment systems—from before you apply all the way through grant closeout. *Note: The software and platforms mentioned in this guide are for informational purposes only. Switchboard does not endorse any individual for-profit company or product.*

Why Good Grants Management Matters

Managing **grants** in compliance with your funders' requirements is core to being a good steward of the funds entrusted to your organization. For ethnic community-based organizations (ECBOs), good grants management shows accountability to your funders, your community, and your partner organizations.

The first funding a small or emerging ECBO receives often comes as a **subgrant** through a partner. A solid grants management system protects your relationship with your partner, as well as your partner's relationship with their own funder.

Managing grants well also lowers your audit risk, strengthens your next grant application through better deliverable tracking, and gives you peace of mind. Building these systems early is foundational to your organization's long-term sustainability.

Understanding Grant Types

Different grants have different payment structures and reporting requirements. Knowing what kind of grant your organization has received helps you set up the right management systems. See the chart below for details on three types of grants: **government grants, foundation grants, and subgrants from partners**.

Grant Type	How Payments Typically Work	Financial Reporting Requirements
🏛️ **Government Grants**	Usually **reimbursement-based**: you spend first, then request payment from the funder. This requires careful documentation of all expenditures.	Typically required monthly or quarterly. Must follow federal, state, and/or local government regulations. For example, [2 CFR Part 200].
🏢 **Foundation or Social Responsibility Grants**	Often one lump sum or two payments, one at the start and one after a progress or final report.	Usually required at the end of the grant period. Some require a mid-term check-in.
🤝 **Subgrants from Partners**	Varies by partner and funder. Often tied to project milestones or a set calendar.	Defined in your subgrant agreement, which often mirrors the **prime funder**'s requirements. Clarify before signing.

Always refer to your grant or subgrant agreement for payment terms and financial reporting requirements. Remember that requirements can be different for each grant, even when working with the same funder.

Systems to Set Up Before You Apply

Grant and Funder Tracking System

Create an organized **grants directory** (in Google Drive, any cloud folder, or a physical filing system) with a dedicated folder for each funder and subfolder for each grant. This will save you time finding agreements or past reports and lets other staff step in when needed.

Each grant folder should contain:

- Notice of funding opportunity announcement or invitation to apply (if available)
- Submitted grant proposal and budget
- Signed grant agreement or award letter
- Approved amendments or scope and budget modifications
- All submitted reports
- Funder correspondence, updates, and guidelines
- Program photos and testimonials (if applicable)
- Notes from team meetings on progress or challenges

Pair your grants folder with a **grants management spreadsheet**. For organizations just starting out, a simple Excel or Google Sheets spreadsheet is usually sufficient. You generally will not need to use more sophisticated software until you have several different funders or multiple staff managing grants. At that point, consider a platform like Submittable, Fluxx, or Salesforce Nonprofit Cloud, which offer automated reminders, dashboards, and audit trails.

> "Not every grant is right for your organization, and that's okay! Sometimes you have to say no to one grant to be able to say yes to another. What matters is that the grant is a good fit for your organization and that you are not signing up for more work than your team is equipped for or for funding that isn't aligned with your scope of work."
>
> — Switchboard Community of Practice for ECBO Leaders

Your grants management spreadsheet should include the following information for each grant you receive:

- Funder name, program officer, and contact information
- Grant period (start and end dates), award amount, and disbursement dates
- Programmatic and financial reporting deadlines (interim and final) and renewal/next application deadline
- Main deliverables and status of each
- Notes on funder communication (e.g., "Spoke with program officer 6/10. Scheduled follow-up in August about the grant renewal timeline.")

Sample Grant Spreadsheet Template (to be expanded with information relevant to your grant and milestones)

Funder	Award $	Grant Period	Financial Report Due	Program Report Due	Renewal Due	Project Team	Notes
City Foundation	$25,000	1/1/26–12/31/26	6/15, 12/15	6/15, 12/15	9/30/26	[Staff names]	6/1 call with funder
[Funder Name]	$						

Accounting System

When your ECBO is starting out and only has small project grants, it's sufficient to track expenses in a spreadsheet with expense amount, date, and payment method. Use a folder for receipts and proof of payment.

As you take on general operating support and staffing grants, move to accounting software such as QuickBooks. Set up a **Chart of Accounts** (codes for revenue and expenses), and add each funder so you can code expenses and track spending against the approved budget. **Track each grant separately using its own code or "class,"** so you can show a funder exactly how their funds were spent.

For support with setting up a new Chart of Accounts and classes for each grant, you can use free guidance and resources provided by the software platform. It is also a good idea to **seek an accountant's help**, even if you are managing day-to-day accounting yourself.

Getting Started with Tracking a New Grant in an Accounting System

1. **Create a unique account code** (GL code or QuickBooks class) for the grant.
2. **Set up payroll allocations** if staff time is funded, and document the percent of each role's time charged to the grant.
3. **Create a folder or digital space** for receipts, invoices, and backup documents (e.g., payroll reports, timesheets, bank statements).
4. **Run a monthly budget-vs-actual report** for the grant to track your expenditures.

Program Tracking

Involve program staff in the grant application process. They'll be implementing the work, so their input matters. Then, once you have received a grant award, hold a **grant kickoff meeting** to review the funded project and make sure everyone understands grant goals, deliverables (including required activities), evaluation plans, deadlines, and their individual roles and responsibilities. Schedule regular check-in meetings to track progress as a team.

Hold a grant kickoff meeting within the first two weeks of each new award to address the following:

- What is the grant funding, and what are we expected to deliver?
- Who is the lead staff person, and who implements program activities?
- What are the monitoring and evaluation plans? What are our outputs, outcomes, and objectives and how will we measure them?
- What is the timeline for milestones and reporting, and who submits reports?
- What documentation and data do staff need to collect, and how will we track deliverables (including photos and testimonials)?

See Switchboard's **Introduction to Monitoring and Evaluation** eLearning course to learn more!

Then, set a recurring check-in schedule (adjusting the frequency based on your grant timeline):

- Monthly: team check-in on progress toward deliverables
- Quarterly: budget-to-actual review with everyone involved
- As needed: proactive updates to the funder if anything changes

Keeping Systems Running

Maintaining grants management systems once they have been established is just as important as setting them up. Designate a staff member to consistently track and update the information in each system. (This person may be the ECBO leader, in smaller teams.)

Keeping your systems current will protect your peace of mind as you navigate funder compliance and continue expanding your organization's capacity.

- **Accounting System:** review budget-vs-actual monthly. Watch your budget "**burn rate**" (how fast you are spending your funding). Both under- and over-spending create problems. Create spending projections based on program activities.
- **Program tracking:** track deliverables regularly, like participant data, sign-in sheets, outcomes, photos, and testimonials. Document any barriers along with your plans to address them.
- **Communication:** hold monthly or quarterly grant team meetings so staff understand progress and remaining budget. Proactively reach out to funders with successes, challenges, and friendly check-ins, not just when you need something. Also, plan how to share grant success stories with your community and supporters through community meetings, newsletters, social media posts, and website updates.

Grant Quick-Start Checklist

- [ ] Set up a shared drive with one folder per funder and one subfolder per grant
- [ ] Create a grant tracking spreadsheet with deliverables and deadlines
- [ ] Set up (or update) your accounting system
- [ ] Schedule a kickoff meeting within two weeks of each new award
- [ ] Put monthly budget-to-actual review on the calendar
- [ ] Set a recurring cadence for funder check-ins

Relationship-Building with Funders

An important part of grants management is building strong relationships with funders, which will increase your likelihood of receiving future funds.

- **Respond to funder emails promptly**.
- **Submit reports on time.**
- **If you anticipate a delay, communicate ahead of time** to formally request an extension.
- **Keep funders informed of potential obstacles or changes**, and submit modification requests (such as budget realignments or no-cost extensions) well before the grant end date.
- **Share news of new grant awards** with your supporters and community via newsletters or social media, and acknowledge the funder to show your appreciation. Follow the funder's guidelines on how to reference them, and obtain permission before using their logo.
- **Invite your funders to visit** your program in action, including public events, to show how their support is being put to good use. Send them photos and testimonials from participants.
- **Reach out to your funders with friendly check-ins**, not just when you have a question or need something. This helps build a strong relationship.

Closing Out a Grant

Closeout is your last chance to demonstrate good stewardship, and it can inform whether the funder renews your funding.

Most funders expect final reports within 30–90 days of the grant end date, so start closeout activities before your grant actually ends. It's also good practice to ask the funder for the final report questions and format well ahead of time (even at the beginning of the grant period). Share this with your project team members to make sure you track all the data and narrative information your funders request.

- **Final reporting:** submit the final reports by the funder's deadline and in their required format. Reconcile budget-to-actual one last time and resolve any discrepancies before submitting.
- **Final drawdown/invoice:** confirm all allowable costs are charged to the grant before the period ends. **Generally, you cannot bill for expenses incurred after the grant's end date**. This includes receiving final invoices from any contractors or consultants you may have used.

- **Record retention:** keep all financial and programmatic records for at least three years from the date you submit your final expenditure report (2 CFR 200.334) or longer if an audit or litigation is pending. When in doubt, keep records longer. Storage is inexpensive, and missing records can jeopardize future funding.
- **Equipment/property:** if the grant funded equipment or property, follow the funder's rules about what to do with it when the grant ends. Some may require return, transfer, or continued use tracking after the grant period.
- **No-cost extensions:** if you won't finish program activities on time, request an extension before the end date. Funders are more receptive when requests are submitted early.
- **Subrecipient closeout:** if you passed funds to subrecipients, you must collect their final reports and financial documentation before you can close out your own grant with the prime funder.
- **Archive and debrief:** move the grant folder to a "closed grants" archive; update your tracking spreadsheet; and hold an internal debrief to cover what worked, what didn't, and what to flag for the next grant application.

Grant Closeout Checklist

- [ ] Confirm final allowable costs are charged before the grant end date
- [ ] Submit final financial and narrative/performance reports on time
- [ ] Reconcile budget-to-actual one last time
- [ ] Resolve equipment/property disposition per funder rules
- [ ] Collect final reports from any subrecipients
- [ ] Archive the funder folder and update your tracking spreadsheet
- [ ] Hold a short internal debrief on lessons learned

Conclusion

A strong grants management system builds your confidence in applying for grants and your accountability once you receive them. Strong systems lead to strong applications and, in turn, more funding and long-term sustainability for your organization.

Additional Resources

Project SOAR: Grant Writing Tip Sheet - This tip sheet provides guidance for ECBOs on grant writing for federal grant opportunities.

Project SOAR: Grant Proposal Budgeting - This tip sheet, designed for ECBOs, gives you introductory guidance on developing a budget and budget narrative.

Switchboard: Navigating the ECBO Organizational Lifecycle - This resource highlights actions an ECBO can take related to strategic planning, networking, partnership, and fundraising.

Switchboard: ECBO Capacity Assessment Tool - Use this tool to assess your capacity for resource development and management; program design, implementation, and evaluation; community engagement; and more.

2 CFR Part 200 (Uniform Guidance), eCFR – Learn about Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

National Council of Nonprofits: Financial Management Resources - This guidance helps nonprofit leaders strengthen financial oversight, budgeting, internal controls, and long-term financial sustainability.

National Grants Management Association: What is grants management? - This overview explains the grant lifecycle and the responsibilities involved in ensuring compliance, accountability, and effective use of grant funding from award through closeout.

To learn more about Switchboard, visit SwitchboardTA.org.

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