



NORTH CAROLINA
HUMANITIES
COUNCIL

MANY STORIES, ONE PEOPLE

Financial Management of Grants

A Handbook for Grant Managers
and Fiscal Agents

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Introduction

The North Carolina Humanities Council receives the majority of its funds from the National Endowment for the Humanities and some funds from the state of North Carolina. These appropriated funds to support humanities programs in North Carolina represent public monies whose management in a responsible manner is necessary for maintaining the public's trust. Your system of accounting need not be elaborate, but it should evidence that funds are disbursed for the purpose outlined in the grant proposal and provide a record that can be easily audited.

Duties of Fiscal Agents

Fiscal agents have three major responsibilities:

- (1) disbursing North Carolina Humanities Council funds according to the approved budget and the Council's "Grant Agreement";
- (2) maintaining accounts and records of receipts and disbursements; and
- (3) submitting budget reports to the Council.

Project Cost Sharing

All North Carolina Humanities Council grant monies used in carrying out a humanities program be matched at least 2-1 by the grantee (this means that if the grant is for \$2,000 then the match must be at least \$4,000). The local matching portion may consist of either cash or in-kind contributions. The term "in-kind" refers to donations of services and goods, such as labor, space, or materials.

The project director is responsible for monitoring and maintaining auditable records of all contributions used to match the Council's share of the project's cost (i.e., initialing in-kind contribution sheets signed by the individual contributors) and for providing this information to the fiscal agent at the conclusion of the project.

The fiscal agent is required to show your project's matching contributions in-kind and cash on the final fiscal report. Following the conclusion of the project, records of in-kind contributions should be stored along with the fiscal agent's accounting records and retained for a period of three years.

This handbook explains how to receive your Council grant funds and options for setting up your account book. Also, it presents eight guidelines to assist fiscal agents and project directors in managing funds granted by the Council.

If you have questions or concerns, please call the North Carolina Humanities Council offices at 704.687.1520.

Requesting Funds After a Grant is Awarded

Cash Request Form

The North Carolina Humanities Council disburses grant funds by cash advance. A cash advance requires either the completion of the Cash Request form provided by the Council within the following limits:

1. Grants of under \$10,000 are typically paid in one check at the beginning of a project. For grants of over \$10,000 the Council typically disperses the grant in three installments of 50%, 40%, and 10%.
2. If project cash needs exceed \$10,000 for a three-month period, the Council will work with the grantee to advance sufficient funding to meet anticipated cash expenditures for thirty days at a time.

After the first disbursement the grantee must submit expenditure reports that detail how grant funds have been spend thus far on the project with the Cash Request form for the second and third installments.

Please allow three weeks for the Humanities Council to process your request for a cash advance.

Managing Your Grant Monies

1. Establish a procedure for separate reporting of North Carolina Humanities Council funds

While project sponsors are not required to establish separate checking accounts for Council funds, care should be taken that expenditures from Council funds can be identified easily and can be separated from sponsor's other funds for financial reporting. If the sponsoring group is an educational institution or large agency with many accounts, a separate account number for the humanities grant is advised.

2. Set up a separate account book

Your accounting system should be set up in two parts in order to provide ready access to the following:

a) **Running Balance of Total Grant**

Running balance of the total grant (cash on hand) is normally maintained by setting aside one section of your book to record all receipts and disbursements. (Checkbook stubs, if completely filled out, provide the same information and can be used in place of a cash receipts/disbursements journal.)

Journal Sample

Cash Receipts / Disbursements					Grant: \$2,000	
Check #	Date	Payee	Category Item Code*	Receipts	Expenses	Running Balance
	2/5/00	from Humanities Council		\$1,000.00		
01	2/7/00	John Doe (Speaker 2/7)	D		\$ 150.00	\$ 850.00
02	2/8/00	Hall's Bookstore (Supplies: Inv. 422)	E		38.27	\$ 811.73
03	2/15/00	Brown's Print Shop (Brochures: 300 @ \$.41)	H		\$ 124.00	\$ 687.73
04	2/15/00	U.S. Postmaster (100 stamps: @ \$.42)	F		\$ 42.00	\$ 645.73

*Create a separate ledger page for each Category Item Code.

b) Running Balance of Each Expense Category

Separate ledger pages for each expense category (e.g., supplies, stipends, travel, etc.) should be set up immediately following the cash journal. The specific expense categories and the amount allocated to each should correspond to your project budget approved by the Council and shown on your Grant Award. Entries to these ledgers should be made (posted) directly from the journal or checkbook stubs.

Ledger Samples

D. Stipends for Speakers			Budgeted: \$800.00	
Check #	Date	Payee	Amount of Check	Running Balance
01	2/7/00	John Doe	\$150.00	\$ 650.00
05	2/16/00	Ralph Rudolf	\$ 25.00	\$ 650.00

E. Supplies and Equipment Rental			Budgeted: 200.00	
Check #	Date	Payee	Amount of Check	Running Balance
02	2/7/00	Hall's Bookstore	\$ 38.27	\$ 161.73
04	2/16/00	U.S. Postmaster	\$ 42.00	\$ 119.73
06	2/16/00	Acme Office Supply	\$ 50.00	\$ 69.73

3. Require supporting documentation for all disbursements

- a) Disbursements for office supplies, telephone, printing, etc., should be supported by statements or invoices from the company with which the business was transacted.
- b) It is recommended that fiscal agents obtain from project directors statements to support disbursements for salaries or stipends for speakers. (The signed statement, if used, should provide the information given in the following sample.)

Sample Statements

STATEMENT

Please issue checks to the following individuals for services rendered:

<u>Name</u>	<u>Amount</u>	<u>Date of Service</u>	<u>Description</u>
John Doe	\$150.00	2/7/00	Major speaker
Ralph Rudolph	\$ 25.00	2/16/00	Discussion leader

Charge to Stipends (D)
 Charge to Salaries (A)

John Doe
Signature of Project Director

(If a state institution sponsors the project and contracts for the services of individuals employed by other state institutions, there is a procedure to follow regarding dual employment practices. If you have questions, please contact your financial affairs or accounting office.)

- c) Checks issued for travel reimbursement should be supported by a letter or statement from the individual requesting reimbursement. Motel receipts and copies of airline tickets are required as documentation when reimbursement is requested for those expenses.

STATEMENT

Travel Reimbursement Request

My meal costs for the trip from _____ to _____ on _____ were \$ _____ and lodging was \$ _____ (motel receipts attached). In addition, I traveled _____ miles at \$.45 per mile. My tourist-class airfare (ticket copy attached) was \$ _____.

Total travel expenses \$ _____
 Total allowable reimbursements \$ _____

I understand that food and lodging reimbursements may not exceed \$70 per day for lodging and \$30 per day for meals.

John Doe
Signature of Project Director

- d) Whenever possible, the fiscal agent should avoid issuing reimbursement checks made out to the sponsoring agency or to individuals closely involved with the administration of the project. Any reimbursement to project directors or others for out-of-pocket expenses must be fully supported by receipts.
- e) To maintain the best possible documentation, pay all bills and make all reimbursements by check, never by currency. This means that you may not set up a petty cash fund with monies received from the Council.

4. Restrict disbursements to items covered in the approved budget

Expenditures are to be made only as authorized in the approved budget and grant award letter and for the purposes outlined in the grant proposal. You may overspend in expense categories as long as the overexpenditure in any category is balanced by the underexpenditure of other categories. The Council's total payment to the grantee will not exceed the amount set forth in the original grant award letter or subsequent amendments. Grant expenditures over and above the approved budget shall be borne by the sponsor or other interested individuals and these cash contributions may be applied toward meeting the grant's required match.

- a) Disbursements for equipment purchases, alcoholic beverages, or overdraft charges on the project's bank account are not allowed.
- b) Unless specifically authorized, disbursements should not be made for the two following items. These costs may be used, however, to match Council funds.
 - i. Indirect costs (overhead) of sponsoring agency.
 - ii. Food and other refreshments. (This restriction on food purchases does not apply to individuals on travel status).
- c) Reimbursement for actual food and lodging costs incurred by individuals on travel status shall not exceed \$70 per day for lodging and \$30 per day for food. Additional expenses that exceed these limits may be counted as local match.

5. Restrict disbursements to funds encumbered during the grant period

The grant period extends from the time the proposed project is approved by the Council at its review meeting to the date of your last scheduled program or activity. Expenditures may be made or obligated during this period only. All outstanding financial commitments must be honored within 90 days after termination of the grant period, and any disbursement made after conclusion of the program and during this 90-day period must be for goods and services provided during the grant period.

6. Submit fiscal reports on forms provided by the Humanities Council

Directions for completing the reports are included on each electronic form.

If accounting records are organized and up-to-date, filling out fiscal reports should not be difficult. Call the Council office if you have any questions.

7. File fiscal reports promptly

a. **Interim Reports**

Grantees use interim fiscal reports to account for the funds they have already spent and to request more funds. Submission schedules are tied to the installment schedule listed in your Applicant Dashboard. If you have any questions about this schedule, contact the Council offices.

Grantees should submit an interim fiscal report **three weeks** before another advance is required.

b. **Final Reports**

Final financial reports must be submitted by all grantees within 30 days following program completion. If an extension is needed contact the Council offices.

The due date for final financial reports is listed next to the form name on your Applicant Dashboard.

c. **Return of Unused Funds**

At the conclusion of the project the organization is required to return any unexpended grant funds. This can be issued via a refund check, made payable to the North Carolina Humanities Council, for any advanced monies not expended

8. Retain all documentation supporting disbursements and local match

Grantees are required to retain all accounting records including supporting evidence of disbursement for a period of three years. Included in these records are your complete final budget and tracking worksheets for the grant match which certify that the Humanities Council grant was fully matched.

Many grantees find it advantageous to organize expandable files with supporting documentation for each budget category kept separate. An auditor will find it very helpful if supporting documents are identified by date of payment and check number.

Financial Journal

Sponsoring Organization Old North State University	Report Date 11/2/00
Grant Number 02-09	Page Number ____ 1 ____ of ____ 1 ____ pages

	1	2	3	4	5
	Check Date	Check # or Journal Entry #	Payee	Item Code	Amount
1	11/2/00	22	AT&T Telephone	I	\$ 30.00
2	11/2/00	23	Ray Harris	A	\$150.00
3	11/4/00	24	Valley Printing Company	H	\$283.00
4	11/10/00	25	Sue Lane	D	\$400.00
5	12/20/00	26	Joe Guilford	F	\$ 16.00
6	1/5/00	27	Sue Lane	F	\$ 82.00
7	1/20/00	28	University Bookstore	E	\$ 7.00
8	1/25/00	29	Old North State University	E	\$ 78.00
9					
10					
11					
12					
13					
14					
18					
TOTAL					\$1,046.00

Financial Journal

Instructions for Use and Preparation

1. Enter in column 2 the check number or, when and where appropriate, the journal entry number. For credit card purchase, use the check number used to pay the credit card company for the expenses.
2. Enter in column 4 the item code letter for which the expenditure is being claimed. (You will note that in column 1 of the "Expenditure Report," each item code is preceded by an identifying letter. For example, "a" is the code letter for salaries; "d" is for stipends for scholars, etc.)

If you made allowance in your budget to pay scholars' travel expenses in addition to stipends, please show these amounts separately on this form. If one check was issued to cover both, simply designate that portion which went to stipends (Code D) and that which went to travel (Code F).

Do not combine D/F.

Record of In-Kind Contributions

Complete this form and obtain the Signature of the Contributor. Do not send this form to the Humanities Council. The fiscal agent should retain form(s) with the project's financial records for three years following the end of the project.

Grantee Old North State University	Grant Number 02-09
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Date	Person(s) or Agency Providing Donated Services*	Item Code	No. of Hours	Rate	Total Value
11/10/00	John Doe	A	2.0	\$10	\$20.00
11/12/00	John Doe	A	2.0	\$10	\$20.00
11/13/00	John Doe	A	2.5	\$10	\$25.00
11/15/00	John Doe	A	1.5	\$10	\$15.00
TOTAL					\$80.00

* May include donated time of project coordinator, volunteers, and others spent in planning and implementing a program/project

Signature of Contributor <i>John Doe</i>	Date 11/16/00
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Item Codes for Type of Service

A	Administrative time	Donated time of project director, fiscal agent, planning committee, consultant, etc.
D	Program participation	Donated time of moderator, panelist, speaker waiving honorarium, etc.
E	Supplies & Equipment	Fair market rental value of video or other equipment provided, postage & paper, cost of refreshments served at programs, etc.
F	Travel, Meals, Lodging	Mileage at \$.45 per mile and any out-of-pocket meals or lodging while traveling on behalf of the project.
G	Rental of facilities	Fair market rental value of meeting/event space.
H	Printing & Publicity	Value of promotion time/space donated by television stations or newspapers, use of photocopier, etc.
I	Other <i>John Doe</i>	Contributions not fitting categories above. Please specify the nature of these contributions.