

## Start the New Year Off Right by Covering Your Bases

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By now, most grantees know that winning federal funding isn't as easy as generating a compelling idea and applying for a department's dollars. There are dozens of factors to consider when submitting a grant proposal – especially for agencies and departments that require thorough, detailed plans.

With that in mind, let's examine some of the finer points of grants that every applicant should consider before clicking "Submit Application."

For example, if your organization is awarded a grant that provides for equipment purchases, where do the proceeds go if that equipment is later sold? Where can a grantee find the stipulations for its use of grant funds and program income? How can organizations adequately demonstrate that their costs are legitimate? What records need to be maintained in case a department or agency later questions your costs?

Before you apply for a single grant dollar, be ready to keep detailed records to justify every expense you plan on encountering. With an ever-growing focus on accountability and performance-based measures for federally funded grants, recordkeeping is now more important than ever. Here are some tips to help you demonstrate that your organization will stay in compliance with federal grantee rules:

- Offer detailed statements in your proposals on how you intend to measure the success of your project and justify every grant dollar spent. This will not only bolster your chances for initial funding, it will improve the likelihood that you receive continuation grants.

- Keep originals – and copies. Purchase receipts, invoices, property records, and time and effort reporting are your primary means of documenting expenses. You'll want to make copies of all of these. But some auditors will not accept copies if an original can be reasonably produced. So be sure you store the original documents and rely on copies as a backup.
- Continuation awards are often granted on the basis of progress reports or site visits. In either case, you will want to be able to produce any records that program officials request. If not, your project may not be given enough funding to complete its work.
- In addition to standard federal recordkeeping standards, pay attention to any grant-specific requirements outlined by the grantor.
- Be prepared to be evaluated. Spending federal funds means you're subject to federal rules and audits. But there's no need to overreact: While some organizations often hire their own auditors to ensure they are in compliance with federal regulations, this is probably unnecessary. If your annual federal audit does not indicate significant or systemic problems, an independent audit is likely an unnecessary move.

And, if you're preparing an application for funding and your proposed project has the potential to earn income, it's very important that you state that on your application, along with an estimate of how much money the project could bring in.

You must try to make an accurate estimation of expected program income and explicitly mention it within the application. Failing to do so can jeopardize your funding. Both over-estimating and under-estimating your program income can adversely affect your

potential grant size, and having to go back and amend parts of your application or grant award contract can be painful – a part of the award may need to be paid back, funds may no longer be available, and you may face spending restrictions.