



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 funds support humanities programs in North Carolina represent public monies and are required to be managed in a responsible manner to maintain the public's trust.

As a North Carolina Humanities Council grantee 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 Treasurer/Financial Officer or Fiscal Agent

Three major responsibilities:

- (1) disbursing North Carolina Humanities Council funds according to the approved budget and the Council's Grant Contact;
- (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). Your matching portion may consist of either cash or in-kind contributions. The term "in-kind" refers to donations of unpaid 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 treasurer/financial officer is required to show your project's final matching contributions in-kind and cash on the budget in the Final Report. Following the conclusion of the project, records of in-kind contributions should be stored by the grantees along with the 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 the treasurer/financial officers 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 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.
2. For grants of over \$10,000 the Council typically disperses the grant in three installments of 50%, 40%, and 10%. 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.
 - Please see the installment schedule in your online Applicant Dashboard portal for specific dates and contact the Council if any changes need to be made to the schedule.
 - After the first disbursement the grantee must submit an Interim Report with a budget that detail how grant funds have been spend thus far on the project.

Please allow three weeks for the Humanities Council to process your Cash Request Form.

Managing Your Grant Monies

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

While grantees 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 the grantee's other funds for financial reporting. If the grantee is an educational institution or large agency with many accounts, a separate account number for the North Carolina Humanities Council grant is advised.

Please note, your accounting system and procedures should be GAPP compliant.

2. Set up a separate account book

Your accounting system should be set up in 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. Entries to these ledgers should be made (posted) directly from the journal or checkbook stubs.

Ledger Samples

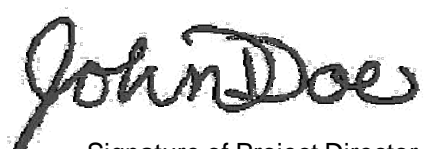
D. Stipends for Speakers			Budgeted: \$800.00	
Check #	Date	Payee	Amount of Check	Running Balance
01	2/7/00	John Doe	\$150.00	\$ 650.00
05	2/16/00	Ralph Rudolf	\$ 25.00	\$ 650.00

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 supplies, 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 either obtain invoices from individuals receiving payments (i.e. scholars). If you do not require invoices from individuals then it is recommended that from project directors create a statement as supporting documentation for disbursements for honoraria or contractor stipends. (The signed statement, if used, should provide the information given in the following sample.)

Sample Statement

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	02/7/	Major speaker
Ralph Rudolph	\$ 25.00	2-11-600	Discussion leader
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 40%;"> <input checked="" type="checkbox"/> Charge to Stipends (D) <input type="checkbox"/> Charge to Salaries (A) </div> <div style="width: 40%; text-align: center;">  Signature of Project Director </div> </div>			

If the grantee is a state institution other internal policies may apply regarding payment for contract work. 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 and accompanied by itemized receipts
- d) Whenever possible, the fiscal agent should avoid issuing reimbursement checks made out to the grantee 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 Council-approved budget and Grant Contract 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. Per your Grant Contract, for any major changes to the approved grant budget the grantee must submit a [Budget Reallocation Request](#) to the Council in writing. The Council’s total payment to the grantee will not exceed the amount set forth in the original Grant Contract or subsequent, written 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) Please see the **Grant Guidelines (linked in your Grant Contract)** for your award for a full list of ineligible expenses. A few common ineligible items are listed below for reference:

- i. Disbursements for equipment purchases, alcoholic beverages, or overdraft charges on the project's bank account are not allowed.
- ii. Indirect costs (overhead) of the grantee.
- iii. Food and other refreshments. (This restriction on food purchases does not apply to individuals on travel status).

5. Instructions for Requesting a Reallocation of Council Grant Funds

In the course of your work, it is possible that you will encounter unexpected changes that impact project expenses. You may request a reallocation of Council grant funds if there is a programmatic benefit to the proposed changes or to offset additional program revenue and the expenses are eligible within the Council's Grant Guidelines. The proposed expenses for reallocation must be consistent with the original objectives of the award. *Note: The Council does not guarantee that reallocation requests will be approved.*

a) What to Do

- i. Email your request to the Director of Programs and Operations at cpatton@nchumanties.org
- ii. Reference your assigned grant number in your response.
- iii. Your response need not be lengthy. Clear, concise answers will suffice.

b) What to Provide

- i. Complete the [Budget Reallocation Request](#) form.
- ii. Provide a narrative justification of your proposed budget changes clarifying how proposed changes would impact the project activities stated in the approved proposal.

c) For all other post-award changes please see the [Instructions for Requesting Changes to Your Award](#).

6. Restrict disbursements to funds encumbered during the grant period

The grant award 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.

7. Submit your interim/final budget on the electronic Interim or Final Report forms provided by the North Carolina Humanities Council

All forms are assigned to your online Applicant Dashboard portal which also provides due dates and directions for completing the reports. If your grant 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.

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 90 days following program completion. The due date for your Final Report is listed next to the form name on your Applicant Dashboard. If an extension is needed contact the Council offices.

8. **Return of Unused Funds**

At the conclusion of the project the grantee is required to return any unexpended grant funds to the North Carolina Humanities Council. This refund should be issued via check, made payable to the North Carolina Humanities Council, for any advanced monies not expended. Refunds should be provided within 90 days of the conclusion of the project.

9. **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 North Carolina Humanities Council grant was fully matched.

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

The following pages provide samples of basic financial tools to track grant expenses and other cash and in-kind contributions to the project so that you may accurately report the totals on your final budget.

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.

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

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 	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	Contributions not fitting categories above. Please specify the nature of these contributions.



Sponsoring Organization	Report Date
Grant Number	Page Number of pages

	1	2	3	4	5
	Check Date	Check # or Journal Entry #	Payee	Item Code	Amount
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
TOTAL THIS PAGE					



Financial Journal

Report Due:

	1	2	3	4	5
	Check Date	Check # or Journal Entry #	Payee	Item Code	Amount
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
TOTAL BOTH PAGES					



Record of In-Kind Contributions

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

Grantee/NCHC Host Site Name:		Grant Number (Leave blank if a Road Scholars host site)			
Date	Person(s) or Agency Providing Donated Services*	Item Code	No. of Hours	Rate	Total Value
TOTAL					

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

Signature of Contributor	Today's Date
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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 and Equipment Rental	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 IRS travel rate 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 and Publicity	Value of promotion time/space donated by television stations or newspapers, use of photocopier, etc.
I	Other (please itemize)	Contributions not fitting categories above. Please specify the nature of these contributions.