



How outsourcing the grant management function help an organisation?

Properly managing awarded funding is as important as winning a grant. It is therefore imperative to have the necessary financial controls in place to adhere to the terms of the grant.

Non-profit (NFP) organisations are driven to solve many problems and serve their communities. That mission is extremely noble, but it also makes financial management a lot more complicated. Since non-profit organisations are focused on their mission, program outcomes and fund development, accounting and finance are not their primary focus. However, as most of their funding comes from grants and donations, it's imperative to manage money effectively, transparently, and compliantly.

Also, a number of grantors also stipulate in the grant agreement for grants to be managed by their fiscal agents.

Of late we note large grants mandate the outsourcing of the financial services. The key advantages of outsourcing the financial services to reputable accounting firms is as follows:

- **Mitigating the risk of misuse of the funds:** grant cancellations have been on the rise on account of misuse of the funds.
- **Timely and accurate submission of financial reports:** most grants require timely submission of reports. For various reasons, such reports are either delayed or not provided in the format required under the grant agreement.
- **Tax compliance:** some grants are awarded for advocacy or political reasons. One area the grantor would insist is full compliance with the tax regulations in the country. Having an expert tax consultant within the outsourcing function, reduces the risk of non-compliance.
- **Cost effective:** hiring accountants with extensive expertise and experience is expensive and at times difficult. By outsourcing, the grantee can tap into top talent pool without the need to maintain in house staff.
- **Expertise:** the outsourced team has experience working with a variety of grants and can therefore handle issues a grantee encounters on a regular basis with ease.
- **Updated IT systems:** accounting firms already have in place updated IT systems. A grantee need not invest in expensive systems to obtain timely and accurate reports.
- **Accurate information:** when the governance committee or the board requires financial information to make informed decisions, the same can be provided by the accounting firm.
- **Reduced staff turnover:** outsourcing often results in cost savings. It helps eliminating the process of disruption of turnover and the costly process of recruiting and training new employees.

By working with an outsourced partner, the grantor/grantee can have access to some of the most experienced team- from book keepers, to controllers and also those who understand the various intricacies of overhead expense allocation, such as NICRA requirements by USAID.

Discover how affordable and accessible this option is by contacting our team on the address below.

Caveat

This newsletter has been prepared for general guidance, and does not constitute professional advice. Accordingly, RSM (Eastern Africa) Consulting Ltd, its associates and its employees and agents accept no liability for the consequences of anyone acting, or refraining from acting, in reliance on the information contained herein or for any decision based on it. No part of the newsletter may be reproduced or published without prior written consent. RSM (Eastern Africa) Consulting Ltd, is a member firm of RSM, a worldwide network of accounting and consulting firms. RSM does not offer professional services in its own name and each member firm of RSM is a legally separate and independent national firm.