

An Overview of Financial Accountability and

Reporting in Grants Management

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Accountability Definition

- Accountability basically refers to an organization being answerable to a third party. It refers to the obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner.
- Accountability is a very large term and encompasses several issues of an organisation; some of these may include organizational management structure, financial procedures, human resource policies etc.
- [Organizations](#) with high accountability and credibility are often preferred by donors and are more likely to get funded.

Aspects of Accountability

- **Upward Accountability:** This refers to the responsibility of an organization / awardee towards being accountable to funders, donors and government institutions. As an awardee you are answerable to donors and funders about how you will be utilizing their money.
- **Horizontal Accountability:** This refers to being responsible with project partners, peers and related organizations. This also includes enhancing partnerships and collaborations with other organizations and stakeholders.

Aspects of Accountability

- **Downward Accountability:** This means that as an awardee you are responsible towards your beneficiaries and the target audience. You have received [funding](#) from a donor for the upliftment and improvement of lives of these beneficiaries and therefore you are answerable to them. Along with being accountable to them you also should involve them with the project implementation
- **Internal Accountability:** One of the most important aspects of accountability is to be answerable to your own employees and your organizations mission. It means that you have ethical standards and [governance](#) structures and justify your organizations core value.

Accounting Records & Source Documentation

Accounting Records

Must demonstrate the ability to maintain records that adequately identify the source and application of funds for approved financial activities aligned with the award and grant agreement.

Source Documentation

- Accounting records and payments must be supported by documentation such as actual invoices, checks, time and attendance records, reimbursement, justification for needs-related payments.

Types Of Accounting Source Documents

- **Quotes**

The buyer may require a quote from different sellers for the items it wants to buy eg at least 3 quotes

- **Orders / LPOs**

When a business needs to buy an item it will complete an order form. Order forms will not always show the cost because the buyer may not know the cost when placing an order.

- **Delivery Dockets / notes**

In many cases the vendor will provide a [delivery docket](#) with the items being shipped, posted or delivered.

These will often have a description of items being delivered so the buyer can check it against their order immediately upon its arrival.

Types Of Accounting Source Documents

- **Sales and Purchase Invoices**

When an item is sold the seller will issue a document providing all the details of the sale.

If the seller does not expect cash up front before sending the item, they will state on their invoice their payment terms i.e. the length of time the buyer has until it's time to pay.

- **Deposit Slip**

When a customer pays by cheque or cash, the seller will write a bank deposit slip which will be taken to the bank and presented together with the cheques and cash.

The deposit slip will show the total amount being deposited plus a break-down of the cheque amounts and cash.

The bank will make a record of the payment so that it shows up on the payor's bank statement as a payment received, and on the customer's bank statement as a payment made.

Filing Accountability Documents

- It is vital that all accounting source [documents are filed](#) in such a way that they are easy to retrieve at a later date in case of any queries that might pop up.
- The most common method is to file everything in date order, then alphabetical order.

Parting tips on managing your funding successfully!

- Know your guidelines and project objectives.
- Look over your award documentation.
- Look over [grants management manual](#) sections to familiarize yourself with general 'rules' and processes.
- When in doubt, talk to your grants contact person and/or Grants Accountant

END

THANK YOU