

## Issue Brief

# Where Does the Money Go?

Survey shows state and local governments and K-12 districts need help to improve the tracking of labor costs to grants and projects.

## Monitoring Grant Activity Today

Public funding agencies and private foundations require complete, accurate reports on how labor and expenses have been allocated in ongoing programs and special projects. Without those reports, government organizations and school districts may not receive full cost reimbursements, or they may lose continued funding. Yet tracking that report data, particularly labor data, can be a complex and time-consuming effort, especially if it's done with paper records or manual entries in a spreadsheet.

To learn how school districts and governments perform grant tracking today — and whether those methods are effective — the Governing Institute surveyed 125 state and local government officials and 117 educators. A key discovery: The limitations in current tracking methods mean 42 percent of those surveyed are not satisfied with the project tracking activity in their agency, department, or district.

The factors behind this level of dissatisfaction were explored further in the survey, and the in-depth findings are presented in this issue brief.

## Current Tracking Methods Are Limited

The survey found that 50 percent of the organizations still rely largely on manual processes for tracking project data. Manual processes are cumbersome, time-consuming, and prone to error. They also make it difficult to obtain real-time visibility into labor tracking, as noted by 64 percent of respondents.

Even more significant, only 7 percent of respondents said their organizations use any type of grant management software to track labor cost allocations. Said one education participant, "We use various methods of tracking projects, depending on the size and scope. Trouble occurs when other groups are involved that do not have sophisticated project tracking."

## No Support for Mobile Devices

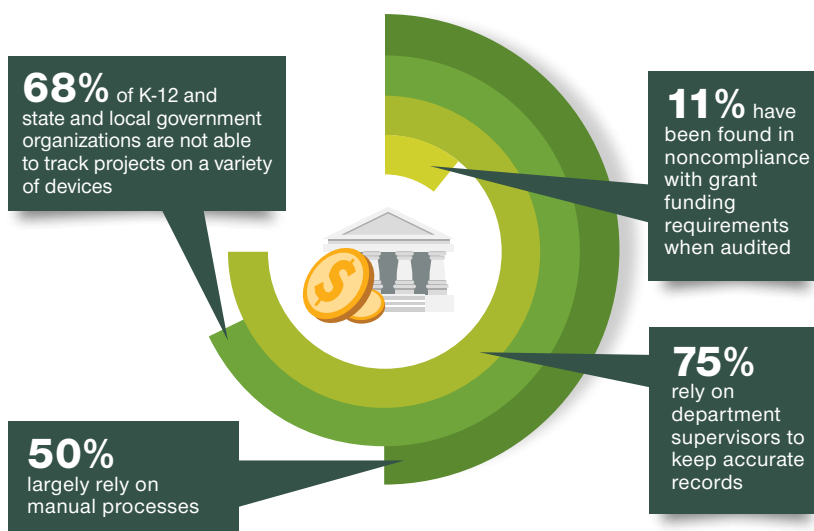
The ability to track projects on mobile devices is now essential, both for reporting hours and expenses and for monitoring a project's budget status. In the survey, 68 percent of respondents are not able to track projects on a variety of devices.

One educator noted, "Software that is made to track projects would greatly help, and it would be best if it had a tablet app."

## Supervisors Spend Too Much Time on Tracking

Department supervisors or school leadership staff are often the default when choosing who should have responsibility for any type of labor and expense tracking. This choice was confirmed in the survey results, where 75 percent of respondents say their departments rely on

## Grant and Project Tracking Limitations



supervisors to keep accurate records of how grant funding is used in projects.

However, is detailed labor tracking the best use of a supervisor's time, especially if it is done manually? Also important to consider is whether this approach isolates information that needs to be viewed across departments or project sites. "Currently there are several tracking methods being used in silos," said one government respondent. "We need uniform tracking processes that are implemented throughout the agency."

### Audits Are a Concern

Among the governments and school districts surveyed, 54 percent have been audited by an external agency and 11 percent have been found in noncompliance with their grant funding requirements. Perhaps of greater significance is the finding that organizations that use grants to fund labor are audited 22 percent more than organizations that don't.

Incomplete or inconsistent data will be noted by auditors and may mean noncompliance with grant requirements. The potential for audit and compliance issues is an especially important concern for large and ongoing grants.

One area where respondents weren't fully confident about the accuracy of their data was accounting for the labor of exempt versus nonexempt employees. Only 48 percent of respondents felt this reporting was accurate because of the difficulty in determining appropriate rates for exempt employees.

### How Tracking Can Be Improved

Survey participants pointed to several desired improvements for grant tracking, including a standardized system and uniform processes for use throughout the organization. One way that tracking can be improved, for example, in large and multisite programs, is by managing labor records centrally in a single system. One educator noted a potential benefit of a centralized system: "It's currently impossible to track projects for what other departments/schools are doing, which may duplicate and/or conflict with our work here."

Although some respondents use project management software as their common tool, an online workforce management system can interface with this software to provide more visibility into labor costs. When focused on tracking and

## Best Practices in Tracking Labor to Grants and Projects

Many workforce management systems offer options for onsite deployment or access as a cloud service. In either case, certain features are critical for tracking grant expenses.

- ✓ Online data entry for all personnel associated with a grant, including accurate rate assignments for exempt and nonexempt employees
- ✓ Access to projects from mobile devices
- ✓ Measurements of labor expenses against budget, planned hours, and project results for greater transparency
- ✓ Real-time metrics that indicate needed adjustments in project schedules and activities to maximize usage of grant funds
- ✓ Accurate labor data records maintained online to reduce preparation time for audits and to comply with grantor requirements

reporting detailed data for grant-related labor, a workforce management system addresses several of the challenges identified in the Governing Institute survey.

For example, this type of system allows employees to easily enter their time records online from a desktop computer, smartphone, or tablet. For project managers, reporting tools aggregate those records into real-time insights on staff activity and other key metrics for grant reporting.

### Staying on Top of Grant Activity

Complete, accurate, and easily accessible project data is critical for public sector entities to attract and sustain essential grant funding. As the survey findings indicate, local government and education officials are looking for ways to improve their grant tracking tools and processes, especially for the complex and varied inputs on labor expense. An online workforce management system is one way that governments and K-12 districts can stay on top of grant-related labor data while eliminating the time drain and inefficiencies of manual tracking processes.

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