NGMA
National Grants Management Association

Are You Ready to Manage Federal Grants?

Build the Capacity to Secure, Manage and Sustain Funding

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White Paper

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Executive Summary

Managing federal grants requires more than identifying and applying for funding. Organizations must have the people, policies, systems, documentation and oversight practices needed to manage funds responsibly from application through closeout.

This white paper introduces core grants management concepts for professionals with up to three years of experience. It uses readiness as the guiding framework, helping organizations assess current capacity, identify gaps and determine the actions needed to strengthen compliance, performance and sustainability.

The central question is simple: Are you ready to manage federal grants? If the answer is yes, this guide can help strengthen existing practices. If the answer is not yet, it can help clarify the steps required before pursuing or accepting federal funds.

Part One

Understand What Federal Grants Are and What They Require

Grants can help organizations advance mission-driven projects, expand services and address community needs. Effective grants management, however, requires more than interest in funding. Organizations must be prepared to plan, apply, comply, document, report and sustain the work after an award is made.

Federal grants management is a structured process for securing, administering and closing out funding in alignment with funder expectations and organizational goals. Grants from government entities, foundations, corporations and other funders support projects that address public needs, strengthen communities and advance innovation.

In 2025, an estimated $1.1 trillion in grants was allocated to state and local governments to support public policy initiatives, such as healthcare, transportation and education. With 26 federal grant-making agencies in the United States, understanding the grant lifecycle, compliance requirements and best practices is crucial for organizations aiming to secure and manage funding effectively.

This paper applies a readiness lens to the grants management lifecycle ***(See Fig. 1)***, compliance expectations, risk management, internal controls and practical action steps organizations can use to prepare for successful grant administration.

Fig. 1 Grants Management Lifecyle

Define the Funding Opportunity: What Is a Grant?

A grant is funding provided by a government agency, foundation, corporation or other organization to support a defined project, program or purpose. Grants may be federal, state, local or private. Many grants are administered on a reimbursement basis, requiring organizations to incur eligible costs before requesting payment. Strong management practices reduce the risk of noncompliance, repayment obligations and other financial or operational consequences.

Manage the Full Grant Lifecycle

Effective grants management spans the full lifecycle, with each phase requiring clear responsibilities, documentation and oversight.

1. Prepare Before You Apply: Pre-Award Phase

The pre-award phase is the starting point of the grants management lifecycle and lays the groundwork for a successful application. It begins by identifying funding opportunities that align with the organization's mission and programmatic goals, using platforms such as Grants.gov for federal opportunities, Candid for foundation and philanthropic funding research, and other reputable grant-search databases or funder websites.

Key activities include:

- **Funding Opportunity Identification:** Review Funding Opportunity Announcements (FOAs) and Notices of Funding Opportunity (NOFOs) to identify grants that align with organizational priorities and eligibility criteria;
- **Project Planning and Strategy:** Develop a clear project strategy, sustainability plan and measurable objectives supported by a documented needs assessment;
- **Application Preparation**: Assemble the proposal development team and prepare all required components, including the project narrative, detailed budget and evaluation plan;
- **Compliance and Eligibility Review:** Ensure the application fully meets all funding requirements, eligibility criteria and administrative guidelines outlined in the NOFO;
- **Application Submission:** Submit the completed application by the deadline and respond to any follow-up requests from the funding agency as needed; and
- **Funder Review and Evaluation:** The funding agency reviews, scores and evaluates submitted applications as part of the competitive selection process.

A strong pre-award phase helps reduce compliance risks, improves proposal quality and increases the likelihood of securing funding.

2. Secure and Accept the Award: Award Phase

Once the application is approved, the award phase officially begins, and funding is obligated. Key activities include:

- **Notification**: Receive formal confirmation of the grant award;
- **Grant Agreement:** Review, negotiate (if applicable) and sign the grant agreement;
- **Funding Obligation:** Understand and accept the terms, conditions and compliance requirements; and
- **Communication:** Establish clear communication with the grantor to ensure shared understanding of expectations.

3. Implement and Manage the Grant: Post-Award Phase

The post-award phase focuses on executing the project in accordance with the approved proposal, grant agreement and applicable federal regulations.

Key activities include:

- **Project Implementation:** Begin and manage project activities as outlined in the grant proposal;
- **Fiscal Management:** Utilize grant funds in compliance with federal and funder requirements;
- **Procurement and Subawards:** Manage purchasing, contracts and subrecipient agreements appropriately;
- **Compliance Oversight:** Ensure all activities adhere to grant terms, regulations and performance objectives; and
- **Monitoring and Reporting**: Submit required progress and financial reports, conduct site visits and maintain ongoing communication with the funder.

4. Ensure Accountability: Monitoring Phase

Monitoring ensures that grant funds are used effectively and objectives are being met throughout the project lifecycle.

Key activities include:

- **Progress and Financial Reporting:** Provide timely and accurate reports to the grantor;
- **Site Visits and Reviews:** Participate in desk reviews or on-site monitoring conducted by the funder; and
- **Issue Resolution:** Identify and address risks or concerns early to maintain compliance and transparency.

5. Finalize the Grant: Closeout Phase

The closeout phase formally concludes the grant once all obligations are satisfied.

Key activities include:

- **Final Reporting:** Submit all required final performance, financial and compliance reports;
- **Deliverables Completion:** Ensure all project deliverables are completed and accepted;
- **Grant Closure:** Confirm all grant requirements are met and officially close the award; and
- **Records Retention:** Retain records in accordance with grant and regulatory requirements.

6. Ensure Compliance: Audit Phase

Audits verify adherence to financial, administrative and programmatic standards. Auditors may not audit every grant. A single auditor will likely audit a sample of high-risk (Type A) grants, or a federal audit might not take place.

Key activities include:

- **Independent Assessment:** Conduct internal or external audits to review financial management and compliance; and
- **Performance and Compliance Reviews:** Assess program outcomes and adherence to grant requirements.

7. Strengthen Grants Management: Internal Controls

Effective internal controls are essential for preventing and detecting non-compliance.

These include:

- Preventive controls, such as segregation of duties and access controls; and
- Detective controls, such as audits, financial reviews and programmatic evaluations.

Internal controls support compliance and accountability across all phases of the grant lifecycle.

Key activities include:

- **Policies and Procedures:** Establish clear written policies governing financial, administrative and program operations; and
- **Training:** Ensure staff are trained in grant compliance, internal controls and grant management best practices.

Part Two

Build Readiness: Requirements and Best Practices for Federal Grants Management

Federal grant readiness depends on connecting compliance requirements with disciplined operating practices. Organizations must be able to manage funds responsibly, maintain documentation, monitor performance, address risk and sustain oversight throughout the grant lifecycle. The following action areas combine core requirements and leading practices into a single readiness framework.

Translate Readiness into Action

- Align funding opportunities with mission, capacity and measurable outcomes;
- Maintain written policies for financial management, procurement, reporting, monitoring and records retention;
- Document allowable costs, approvals, procurement decisions and performance progress;
- Train staff on compliance responsibilities and internal controls; and
- Review risks regularly and correct gaps before they become audit findings.

Understand and Track Compliance Requirements

Federal grants are governed by requirements that shape how funds are spent, documented, reported and reimbursed. Uniform Guidance (Title 2 CFR 200) establishes many of these standards, including requirements for financial management, procurement, internal controls, allowable costs and conflicts of interest.

Because federal regulations, agency guidance and grant requirements can change over time, organizations should establish a process to regularly monitor updates, review applicable guidance, and adjust policies, procedures and training accordingly.

Promote Ethics and Transparency

Ethical grants management depends on transparency, accountability and consistent decision-making. Clear policies, open communication and regular training help build trust with funders and stakeholders while reducing the risk of fraud, conflicts of interest and noncompliance.

(See Fig. 2 for a complete list.)

Fig. 2 Ethics

Develop a Grant Strategy

Begin by aligning funding needs with the organization's mission, goals and capacity. A clear strategy helps determine whether to pursue a grant immediately, address readiness gaps first or partner with others to strengthen capacity.

A well-defined strategy includes:

- Sustainability planning to ensure the project's longevity after funding ends; and
- Identifying internal expertise and addressing skill gaps through training or outsourcing.

Invest in Resources and Technology

Strong grant administration requires reliable systems, skilled staff and tools that support compliance, tracking and reporting.

- Financial management and grants management software that, at a minimum, provides a reliable baseline for controls, tracking and reporting;
- Cybersecurity measures to protect sensitive information; and
- Professional development opportunities for staff to stay updated on compliance requirements.

Fig. 3 Types of Risks

Assess Readiness and Manage Risk

Organizations should regularly evaluate their readiness and use the results to strengthen compliance, reduce risk and prepare for audits. A readiness assessment can identify gaps in leadership support, staffing, policies, procedures, technology, internal controls and long-term sustainability.

(See Fig. 3 for types of risks.)

Compliance/Risk Matrix

Risk Area	Potential Gap	Mitigation Action
Compliance	Policies are outdated, incomplete or not aligned with current award requirements.	Review Uniform Guidance, award terms and agency guidance regularly; update procedures and training as requirements change.
Financial Controls	Costs, approvals, match requirements or reimbursements are not consistently documented.	Maintain clear approval workflows, segregation of duties and documentation standards for all grant-funded transactions.
Procurement	Purchasing decisions lack adequate competition, conflict-of-interest review or supporting records.	Use written procurement procedures, retain decision records and document conflict-of-interest reviews before awards are made.
Reporting	Progress, financial or performance reports are late, inconsistent or disconnected from project goals.	Create a reporting calendar, assign owners and reconcile financial data with program accomplishments before submission.
Monitoring	Risks, subrecipient activities or performance issues are not identified early enough.	Conduct periodic reviews, document corrective actions and escalate unresolved issues before they become findings.

Prepare for Audits and Investigations

Audits assess whether an organization has complied with applicable financial, administrative and programmatic requirements.

Organizations should:

- Maintain accurate documentation and internal controls;
- Prepare for single audits if federal financial assistance exceeds $1 million annually; and
- Address audit findings promptly to avoid financial penalties, suspension or debarment.

Best Practices Snapshot

Best Practice	Why It Matters
Leadership Commitment	Positions grants management as part of mission, strategy and resource planning.
Staff Capacity and Expertise	Ensures knowledgeable staff can manage compliance, financial oversight and project implementation.
Policies and Procedures	Creates consistent expectations for procurement, financial management, monitoring, reporting and records retention.
Technology and Tools	Supports tracking, reporting, documentation and internal controls across the grant lifecycle.
Ethics and Transparency	Promotes accountability through clear expectations, open communication, training and consistent policy enforcement.
Risk Management	Helps identify financial, operational, fraud and compliance risks before they become audit findings.
Sustainability	Strengthens long-term program continuity and reduces overreliance on a single funding source.

Self-Assessment Tool

The National Grants Management Association's (NGMA's) Readiness Self-Assessment Tool can help organizations evaluate preparedness across leadership commitment, team expertise, culture, processes, risk management and resources. Its scoring system can support prioritization, audit preparation and proactive gap resolution by helping organizations maintain accurate documentation and demonstrate a disciplined approach to compliance.

Scan the QR code in Fig. 4 to access the Readiness Tool. For additional information, visit NGMA's Growing with Grants page for access to a live event or recording.

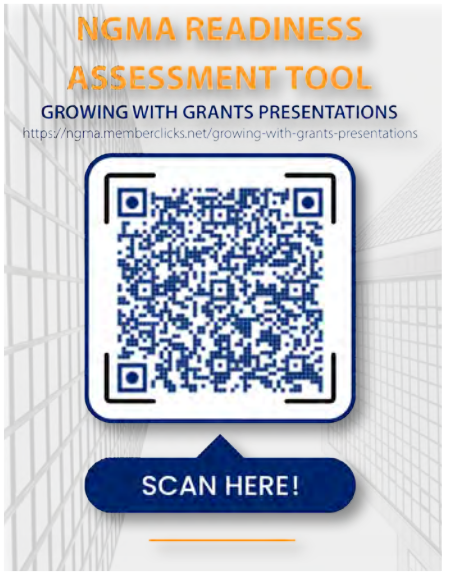

Fig. 4 Readiness Self-Assessment Tool

Conclusion: Answer the Readiness Question Before You Pursue Funding

Are you ready to manage federal grants? The answer depends on whether the organization has the structure, capacity and discipline to manage funding responsibly. Successful grants management requires careful planning, regulatory compliance, sound internal controls, accurate documentation and sustained oversight across the full grant lifecycle.

Before you take the next step, be sure you understand the grant lifecycle, are ready to maintain compliance with Uniform Guidance and applicable cost principles, and invest in the people, systems and technologies that support long-term capacity. Organizations also need a culture of ethics, transparency and accountability, reinforced by clear policies, ongoing training and active risk management.

Together, these practices create a practical compliance framework that helps organizations secure funding, manage awards effectively and deliver meaningful results for the communities they serve.

For more resources and training, visit the National Grants Management Association (NGMA) website at NGMA.org, which offers comprehensive courses, certificate programs, as well as on-demand and live webinars designed to strengthen grants management knowledge, build compliance expertise and support professional development at every stage of the grant lifecycle.