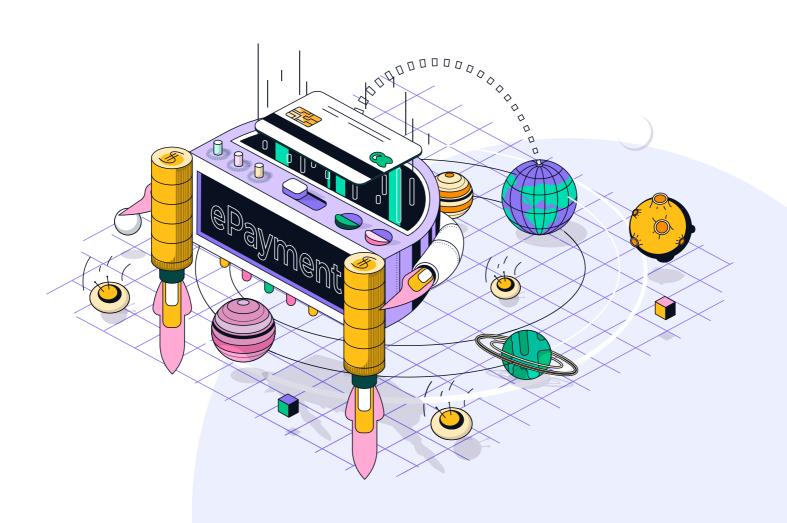
# **Send ⊀ Grant**

# Using a Grants Payment Management System for Seamless Distribution of Funds

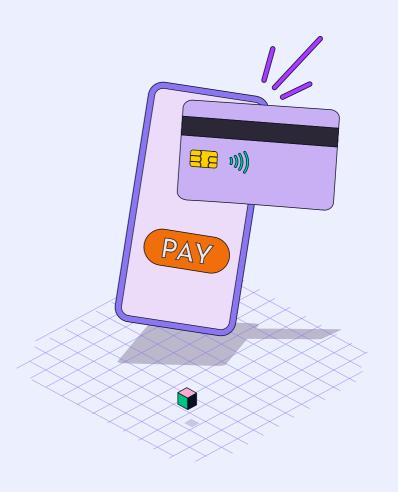


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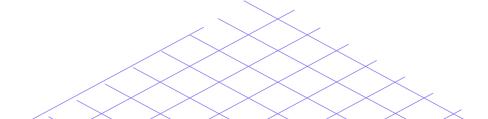
# Introduction

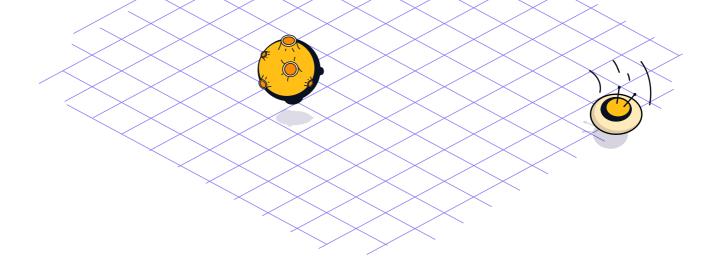
When it comes to managing grants, a payment management system can make life much easier. Using grant payment software allows for the seamless distribution of funds, which can save time and hassle. In addition, this type of software can help to keep track of spending and ensure that all money is accounted for. Simply put, a quality payment management system is a critical tool in your proverbial toolbelt for both grantors and grantees.



Checks are, no doubt, seen as a staple for any organization that aims to deliver grants to prospective students. Check writing is commonly used to send money to your recipients, but at the end of the day – this industry habit of old may actually be holding you and your team back.

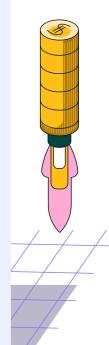
The truth is, if you're still on the check bandwagon, you're not utilizing the available technology that works to streamline how you pay out your grant recipients. This short eBook will be an all-inclusive guide to Payment Management Systems, and how they can help you award your recipients while working more efficiently.





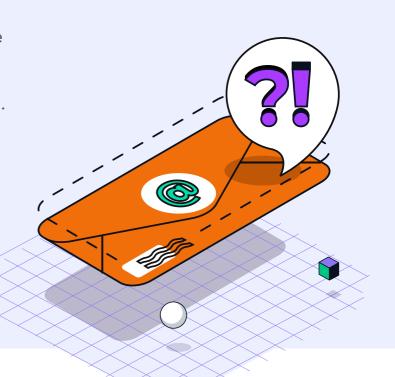
# In it we'll cover important topics such as:

- Why checks are a thing of the past.
- What digital payments are.
- How digital payments work, and how to make them safely.
- Grant reporting and how to get it right.
- How grant payment software makes life easier.
- The steps of a grant approval process and how to streamline it.
- What features should be included in grant payment software.
- How to distribute grants with ease using grant payment software, and so much more!



# Why Checks Are a Thing of the Past

Check writing for grant payments may get the job done, but there are obvious and not-so-obvious challenges that come with the terrain. In a recent post on our blog (link to Article 3: 4 Reasons Why You Should Stop Using Checks for Grant Distribution), we shared several reasons why you should stop using checks for your grant payments. Here's a quick rundown of them:



#### 1. Sending checks wastes unnecessary time

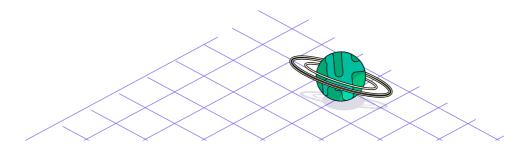
There's no greater resource than time. The 20 to 30-minute drive to the post office, or the minutes you stand waiting in line once you're inside – each check will cost your team precious time. Even if you drop them in the mail directly from your office, those items on your team's to-do list such as "write the check," "buy stamps," or even "double check address information" are things of the past with the help of a payment management system.

#### 2. Sending checks has direct and indirect costs

Grant payments via check can be pretty costly when you add it all up! In the United States, printing and issuing paper checks will cost an organization anywhere between \$1 and \$26 with an average of about \$6 per check. When you deliver a physical check, you have to account for direct costs like the actual check and shipping and indirect costs like your team's manpower and time.

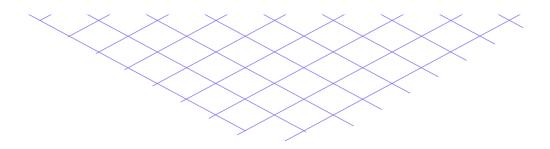


Using a payment management system means that you'll be switching to something known as Automated Clearing House (ACH) transactions. To process a transaction, a check that could cost that \$6 price tag could drop to half that amount.



Related: Also read our post ACH vs Checks vs Grant

**Payment Systems: Which is Best to Distribute Grant Funds?** 



## 3. Paper check fraud is the most common type of fraud

Cybercrimes might blow up your newsfeed, but the truth is that fraud related to old-school checks is still the primary target of bad actors! Even worse, check fraud is on the rise.

According to independent news organization "The Conversation", an average of 1,325 stolen checks were put up for sale every week during October 2021. This was more than double what the group saw in September 2021, when the average was 634 a week, and triple the 409 average in August 2021.

Fraudsters may directly steal checks from mail drop-off locations, or while they are in middelivery. Provided that you choose an encrypted grant payment software, your digital payments will be in much safer, less risky hands.



# 4. You don't have control over your checks once they leave your office

Why use grant payment software? If you need to track where the money went. Here's the thing - Unfortunately, there's no way to trace a bad check when the bank cashes it, so you're often out of luck if and when it happens.

#### 5. Checks can be inconvenient for your grant recipients too

At the end of the day, your organization strives to help people. You can ensure that your grant recipient(s) gets the funding that they've been awarded in a convenient form and in a timely manner. When they have to wait on a payment to arrive and then a check to clear, it can cause hiccups in the things they are trying to pay for.



If instead, the grant monies are deposited directly to their bank accounts, not only is there a lower risk of fraud, but they will receive the money faster. Whether your grant recipients are paying for school or have their own payments to make to vendors working on what they needed the grant for - receiving a digital payment ensures recipients will be able to use the funds that much sooner.



**What Are Digital Payments?** 

In our post What Are Digital Payments, and Are
They the Future of Payments Management?, we
covered a lot of information related to digital
payments. In this section, we'll give you a brief
overview of what you need to know.





Digital payments (also known as e-payments) are transactions conducted through digital or online modes, where no exchange of physical cash is involved. Either one or both parties will use a smartphone, computer, credit, debit, or prepaid card to complete the transaction. Both businesses and individuals can take part in digital payments.

In order for digital payments to take place, both the payer and payee must have:

- A digital device.
- · A bank account.
- An online banking method.
- A medium of transmission successful registration to a payment provider, or an intermediary such as a bank or service provider.

Digital payments exist in different forms. We've already mentioned ACH as a form of digital payment. Other modes of digital payment include UPI, NEFT, AEPS, mobile wallets, and PoS terminals. The fundamental cash-less concept of digital payment is the same for each, but the way that each method verifies funds in a bank account may differ.

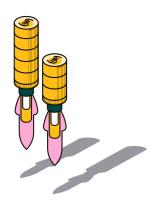
# **How Do Digital Payments Work?**

On a surface level, it only takes a few clicks to start paying digitally. Yet, the digital ecosystem has several intermediaries that work together to facilitate a successful transaction.



There are four groups that play a part in the end-to-end processing of an online payment management system for grant distribution: the grant organization (the payer), the recipient (payee or grantee), the bank, and the payment network. In nearly all cases, two separate banks will be involved in the process of any digital payment.

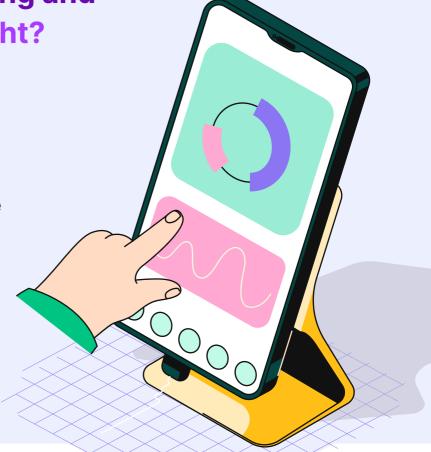
The bank that debits an amount from the payer is known as the issuer bank. Then, there's the acquirer bank which credits the amount on the receipt back to the payee's accounts. This is why both parties require their respective bank accounts and online banking method.



Unfortunately, when grant organizations are not using digital payments, one of the common challenges in distributing grant funds is that the money doesn't always get to the intended destination. A payment management system not only helps reduce the likelihood of fraud, but it also ensures your organization can create payment reports for transparency and accountability.

What is Grant Reporting and How Do You Get it Right?

Grant reporting is the process of documenting and communicating the results achieved by a grant-funded program or project. Grant reports may be required depending on your state's tax laws as well. On the grant organization's end, your grant reports will typically feature a few key components including, but not limited to:



#### Who the money is going to.

Names and/or contact information of grant recipients to make it easy to follow up with them.

#### What the money will be used for.

Keep in mind that your donors want to know if the partnership makes sense going forward and that the grant dollars were used as they intended.

#### Parties involved in the grant organization such as:

- Personnel on the grant committee (board members, review team, support staff, etc...).
- The name or names of the person/people authorized to approve the disbursement of funds.
- The bank you are distributing funds from.

- Deadlines for submitting applications.
- Dates for selecting the grant recipients.



Dates for when funds will be released.

The idea of the grant report is to ensure everyone involved knows how the money is being used, to see what lessons were gleaned from the experience, and how to do better in the grant organization in the future. These reports:

- Encourage future funding.
- Capture numerical data and stories about the grants (which can be helpful in drumming up interest in and press for the program).
- Document grant-funding activities.

As a result, grant organizations should be providing detailed reports on a regular basis. However, if grant reporting makes your team jump through hoops, we encourage you to rethink your process and switch to a more automated method.

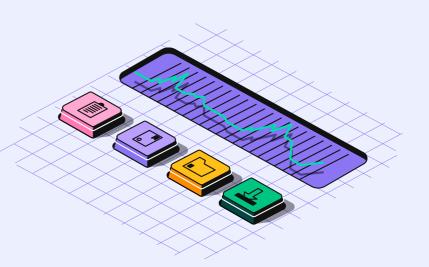
Grant payment software can make the grant reporting process much easier by automating many of the tasks involved in creating reports. For example, some software programs can track expenses and generate financial reports automatically. This can save a lot of time and hassle for busy nonprofit staff members.



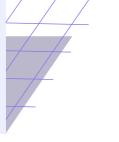
If you're using a good payment management system, you should be able to easily track how your grant recipients are utilizing the funds they have received as well. The best part about using software to run your reports is you're less likely to have errors whereas creating handwritten reports can often result in miscalculations and details that are inevitably missed. Overall, grant reporting is an important part of ensuring that nonprofits are accountable to their donors and funders as well as the general public.

# **How Does Grant Payment Software Make Life Easier?**

From check fraud issues to a lack of control in your payment process, grant payment software tackles many of the problems we've already presented so far. You might be wondering though - what exactly is grant payment software?



Grant payment software is a computer program that can help your team streamline many of the systems and processes related to grant payments, for your organization. The software enables your team to keep records of all your previous and current grants, manage grant money, set timelines, and execute other administrative tasks. The overall goal of grant payment software is to add a level of organization and automation to your nonprofit so you can present yourself in a professional manner when managing grant monies.



Here's how grant payment software can make life easier for you and your team:

#### 1. Cost-effective

If you recall, writing a check will cost an organization on average about \$6 per check. These expenses add up quickly. Just sending 30 checks per grant period could mean paying upwards of \$180. And, that doesn't even address the time and energy required to approve the checks, write them, double check for accuracy, and confirm they went where they were intended.

### 2. Visibility and trackability

If your check gets lost in the mail, odds are you might never see it - or the funds it represented - ever again. You're left to deal with the consequences, and will likely spend months cleaning up a mess that wasn't your fault in the first place. Avoid this scenario by switching to grant payment software.

Using an automation tool eliminates many "what ifs," and makes it so much easier to stay in control of your payments. All your payment needs end up on a single, intuitive dashboard. Manage your accounts payable, keep track of funds going in and out, and stay updated on the status of each transaction. And, on the rare occasion someone makes a grant payment/distribution mistake, it's easier to nip it in the bud much faster when you can see and track everything.

### 3. Security

Security is another benefit that makes grant payment software superior to its traditional counterpart. Grant notification alerts keep you informed every step of the way.

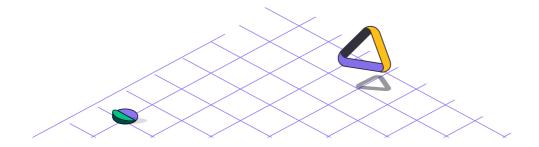
Furthermore, a quality payment management system will have the standard security protocols and encryption in place, as well as other layers of security to ensure banking data remains safe and private.

#### 4. Save time

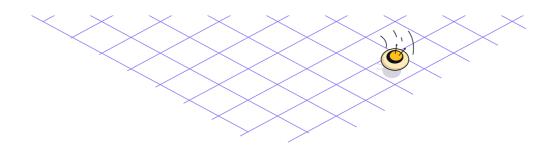
Time is of the essence as they say, and you get to save loads of it when you switch to an automated payment management system. From keeping documents in one centralized and searchable location to automating administrative tasks - everything related to your grant organization will feel simpler and less time-consuming.

## 5. Be on time with grant payments too!

Late and missed payments can harm the relationships you've worked hard to establish, could result in incurred fines/late fees for your grant recipients, and in rare cases may even lead to legal action. A payment management system for your grant organization ensures your grantees get the money they need when they were promised they would have it!



Learn more ways that grant payment software makes life easier here.



# **How Does the Grant Payment Approval Process Work?**

Even if your team does their best to be meticulous, they're human – mistakes can happen. But, mistakes are difficult to clean up when it comes to grants. This is in large part due to the fact that grant payments involve large sums of money being transferred. This is why dotting your i's and crossing your t's with your grant distribution the first time around is so critical. How can your organization achieve this?



Set up an iron clad payment approval process flowchart. A payment approval process is a set of steps that your team is responsible to follow when it comes to distributing grant payments. The purpose of a payment approval process is to mitigate mistakes before they happen thereby preventing the fallout they can otherwise cause. Other benefits of having a strong payment approval workflow include:

- Lays out responsibilities of each team member
- Promotes transparency, accountability, and control over the payment process
- Recognize errors and minimize inaccurate payments
- Deter fraud or embezzlement attempts

To create the best grant approval process, consider the following:

#### 1. Answer these 3 questions

These questions will set the framework for your payment approval process:

#### **⊌** Who?

Not all members of your team need to be a part of your grant approval workflow, and you get to choose who is involved in it. For example, you can include your office manager, an in-house bookkeeper, a third party accountant, and so forth.

#### **When?**

Establish (in writing) the criteria that will trigger the workflow. It could be related to when the grant winner is chosen, when all documentation is submitted, the deadline for payment disbursement, etc.. The "when" helps everyone involved stay on track to get the money to the people that are counting on it on time.

#### How much?

Consider the amount that each of your team members is allowed to approve dispersing before you get involved. For example, all grants over \$1,000 must be cleared by Accounts Payable and all grants over \$5,000 must be approved by both Accounts Payable and the Donations Committee President.

# 2. Get things in writing

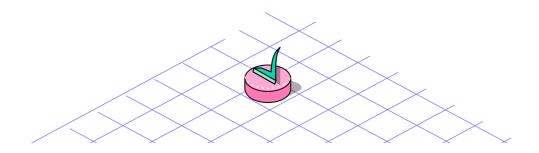
For transparency purposes and to keep everyone aligned on your payment approval process, create a document highlighting all grant-related policies. Doing so will clearly define who's responsible for what, and set relevant expectations in place. Your team, donors, committee members, etc.. can also review this document if they need to recall information related to the payment approval process.

## 3. Use a quality grant payment software

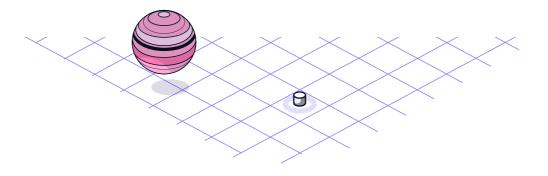
Your payment management system can give you a single digital space - a hub if you will - where your workflows, checklists, payment protocols, etc... all live. From your program donors to accounting managers and everyone in between, grant payment software makes collaboration among team members simple and helps to keep everyone on the same page.



Do your research on what programs exist on the market, and find a solution that closely mirrors what your team needs. Once you find the right online payment management system, you can start implementing your payment approval process to its full potential.



To learn more about grant approval workflows, click here.



What Features Should Be Included in A Grant Payment Software?

Of course, not all grant payment software is created equal. If you want to streamline your team's efforts to award more and work less, here are important features to be aware of while shopping around:



#### Safe electronic funds transfer.

All of the transactions related to your grant should be managed safely and securely.

Related: Read our post **Distribute Your Grant Money Safely and Easily using Send Grant**.

#### Fund guidelines.

We've mentioned this already, but for transparency's sake, all of the guidelines related to your grant - from how the money is spent to how to even apply for the grant - needs to be documented.

#### Grantee access and online applications.

It's important that grantees have their own portal so they can sign on and interact with your foundation. A portal where users can log on and apply for your grants can also make things more convenient.

#### Reviewer access.

Reviewers should be able to log onto their dashboards and see when and what tasks they still need to complete.

#### Universal search tool.

The ability to search across the database and retrieve records can save both time and energy.

#### **Automation.**

Automation helps to streamline your grant workflow so you can be more involved in grant giving and less on paper-pushing.

#### Reporting.

Reporting breaks down complex data into more digestible formats.

#### Audit trails.

In the case that changes are made to a profile, request, or grant – it's important that a revision history is kept available. Audit trails are automatically generated for grant payment systems.

#### Cross-platform compatibility.

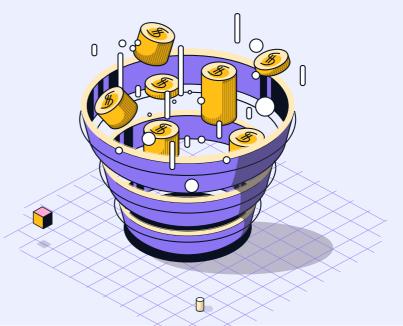
It's important to find grant payment software that offers flexibility when unexpected situations come up. IPad, iPhone, and Android users should be able to access grant payment software whenever and wherever they are.



We covered four additional critical features to look for in a recent post on our blog. Click here to read it.

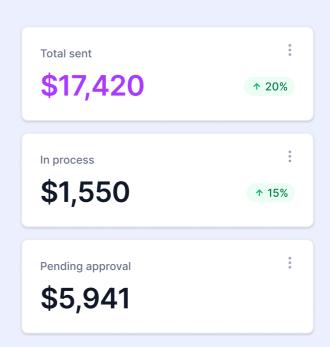
# **How to Distribute Grants With Ease Using Grant Payment Software**

Have you ever dreamed of distributing grants at the click of a button? Believe it or not, it's easier than ever to manage all of the moving parts of running a grant organization.



**Enter SendGrant** - The online payment management system that specializes in awarding grants making it easier for managers just like you to get the money into the hands of the people that you want to help the most.

From scholarships to grants, paying out your funds to intended recipients is usually one of the biggest milestones of your program workflow. If you want to distribute grants with ease, and a lot less headache, you need a centralized location to complete all your tasks.

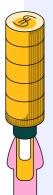


Using SendGrant for managing your grant payments online means that you'll:

• Manage all your payments in one place

- Track, view, and distribute funds
- Make things convenient for you, your team, and grantees alike
- Control who can authorize purchases and payments
- · Control your cash flow
- Simplify your end-of-program as well as tax season reporting
- Save time and money
- Track bill payments and get fund notifications at every stage of the grant process
- Transfer funds quickly and securely preventing the common delays many grant programs face





Bottom line: SendGrant simplifies the process of paying your grantees. If you're ready to award more, work less, and enjoy giving grants again – we're ready to help. Are you ready to simplify your grant distribution? If so,

click here to get started with SendGrant today!



