

Managing Administrative Capacity

Having enough financial administrative capacity is just as important to carrying out your mission as having enough program capacity. Here are some signs that you need to increase your admin capacity:

- When your staff size grows significantly.
- When the ED is the only one doing financial admin.
- When you experience a large funding increase, particularly restricted funding.
- When you pass the funding/budget threshold that requires annual audits.
- When you take on a fiscal sponsee relationship.
- When you start having trouble keeping up with the monthly bookkeeping.
- When you are unable to use financial information to aid strategic decision making because it isn't up to date or contains errors.

What is financial administrative capacity?

Financial administrative capacity is the ability to accurately track and manage financial data. This includes creating, maintaining, and consistently using systems that ensure all income and expenses are documented and tracked adequately. When this is done effectively, your organization can create accurate and useful reports and comply with funder requirements. Many organizations underestimate the capacity needed to manage this work.

Common pitfalls

- Waiting until there's a problem to hire financial admin capacity. Getting ahead of your capacity needs will allow you to grow more strategically.
- Hiring part-time help when there is a full-time need. This can lead to burnout for your admin staff and won't solve the capacity problems that are inhibiting growth.
- Underestimating the amount of time it takes to manage restricted and/or government grants.

Red flags to watch for

- There aren't set procedures for maintaining bookkeeping documentation or managing financial data—or those procedures aren't consistently followed. See our [How to Prepare for Month-End](#) resource for tips on creating a process.
- There is a long list of transactions each month that have missing documentation, or your accountant has to ask multiple times for the same information.
- There are transactions on the statements that no staff member remembers making.
- You are behind on invoicing funders.
- You often have to make corrections to prior-period data and reports. This means information isn't being reviewed, and staff need more training to correctly categorize things.