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Commonwealth Grant Guidelines

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(Governance and Resource Management Group)

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Content

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Foreword

I am pleased to issue this second edition of the *Commonwealth Grant Guidelines* under Regulation 7A of the *Financial Management and Accountability Regulations 1997*.

Grants are widely used to achieve government policy objectives, involving the payment of billions of dollars each year to the non-government sector. Grants provide significant benefits to many Australians, through the Government working in partnership with individuals and organisations to deliver outcomes for the Australian public.

The Commonwealth Grant Guidelines establish the government's policy framework under which government agencies undertake their own grants administration activities. These guidelines articulate the government's expectations for both government and non-government stakeholders involved in grants administration.

These guidelines are based on seven key principles of better practice grants administration, such as robust planning and design and working collaboratively with key stakeholders, including the not-for-profit sector. The Government is also committed to ensuring that grant decisions are made in an equitable, transparent and accountable way. To support this, these guidelines continue to set out key requirements that support better practice decision making and grants administration.

These guidelines also support and encourage collaboration and partnerships both within government and externally, particularly with key stakeholders, such as the not-for-profit sector. I encourage all stakeholders to work together to meet government policy objectives and achieve value with public money.

The Commonwealth Grant Guidelines establish the requirements and key principles that apply to all Commonwealth grants, whether one-off, low value grants or long-term, high-value activities. Significantly, these guidelines provide flexibility for Ministers and government agencies to develop and implement grants administration processes, in consultation with stakeholders that are best suited and proportional to the specific granting activities.

The Government is committed to simplifying and improving grants processes both for government agencies and grant recipients, particularly reducing red-tape for the not-for-profit sector. The application of proportionality principles and appropriate risk management in grants administration, as reflected in these guidelines, is vital to ensuring that agency staff do not overburden grants applicants or recipients. In particular, these guidelines seek to reduce inappropriate and duplicative reporting and encourage the use of longer term grant agreements, where appropriate.

I commend the Commonwealth Grant Guidelines to all those in the Australian Government involved in grants administration.

Penny Wong
Minister for Finance and Deregulation

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PART 1

1 Purpose

- 1.1 The *Commonwealth Grant Guidelines* (CGGs) are issued by the Finance Minister under Section 64 of the *Financial Management and Accountability Act 1997* (FMA Act) and Regulation 7A of the *Financial Management and Accountability Regulations 1997* (FMA Regulations).¹
- 1.2 The CGGs establish the overarching Commonwealth grants policy framework and articulate the expectations for all agencies subject to the FMA Act. Within this overarching framework, agencies develop their own specific grants administration practices based on the mandatory requirements and principles of grants administration in the CGGs.
- 1.3 Bodies subject to the *Commonwealth Authorities and Companies Act 1997* are legally and financially separate from the Commonwealth and are not subject to the CGGs.
- 1.4 The CGGs contain a small number of requirements that apply to Ministers.² These include grants-specific decision-making and reporting requirements, in addition to the legislative requirements that apply where Ministers exercise the role of an approver.³ Agency staff⁴ *must* advise Ministers of these requirements in a timely manner.
- 1.5 The CGGs are divided into two parts. Part 1 contains the mandatory requirements. Obligations that must be complied with are denoted by the use of the term *must* or *mandatory* in the CGGs. Part 2 further explains the seven principles of grants administration. The use of the term *should* in the CGGs denotes better practice.
- 1.6 The combination of mandatory requirements and better practice guidance in the CGGs provides Chief Executives and agency staff with the flexibility to design and administer granting activities (including grant programs) to meet varying government objectives and to work together with stakeholders, such as the not-for-profit sector, to achieve government policy objectives.

1 FMA Regulation 7A provides that the Finance Minister may issue guidelines in relation to grants administration, including grant policies and processes; requirements regarding the publication of grant details; and requirements regarding entering into grants.

2 The requirements applying to Ministers, as determined by the Cabinet, are co-located in these CGGs for the purposes of clarity. Ministers include Parliamentary Secretaries, consistent with the *Ministers of State Act 1952*.

3 FMA Regulation 3 provides that an approver (i.e. a person who may approve proposals to spend public money under the FMA Regulations) means a Minister, a Chief Executive or other person authorised by an Act.

4 For the purposes of the CGGs, 'agency staff' means an official for the purposes of the FMA Act (see glossary).

2 Scope and Objectives

Objectives of grants administration

- 2.1 The objective of grants administration is to promote proper use of Commonwealth resources through collaboration with the non-government sector to achieve government policy outcomes.
- 2.2 This objective is supported by:
 - a. the legislative, policy and reporting framework for grants administration set out in Part 1 of the CGGs;
 - b. the seven key principles for better practice grants administration, discussed in Part 2 of the CGGs: robust planning and design; collaboration and partnership; proportionality; an outcomes orientation; achieving value with public money; governance and accountability; and probity and transparency; and
 - c. agency specific grants administration practices.

Scope of the CGGs

- 2.3 Granting activities can take a variety of forms, including payments made: as a result of competitive or non-competitive selection processes; where particular criteria are satisfied; or on a one-off or ad hoc basis.⁵ The CGGs apply to all forms of granting activity.
- 2.4 Agency staff *must* establish and document whether a proposed activity is a grant prior to applying the Commonwealth grants policy framework.
- 2.5 FMA Regulation 3A(1) defines a “grant” as an arrangement for the provision of financial assistance by the Commonwealth:
 - a. under which public money⁶ is to be paid to a recipient⁷ other than the Commonwealth; and
 - b. which is intended to assist the recipient achieve its goals; and
 - c. which is intended to help address one or more of the Australian Government’s policy objectives,⁸ and
 - d. under which the recipient may be required to act in accordance with specified terms or conditions.⁹
- 2.6 Grants administration encompasses all processes involved in granting activities, and includes:
 - a. planning and design;
 - b. selection and decision-making;
 - c. the making of a grant;
 - d. the management of grant agreements;
 - e. the ongoing relationship with grants recipients;
 - f. reporting; and
 - g. review and evaluation.
- 2.7 The CGGs apply to grants administration performed by:
 - a. Ministers;
 - b. Chief Executives;
 - c. agency staff; and
 - d. other bodies or third parties who are responsible for grants administration on behalf of an FMA Act agency.¹⁰

5 A one-off or ad hoc grant generally does not involve planned selection processes and is designed to meet a specific need, often due to urgency or other circumstances. These grants are generally not available to a range of applicants or on an ongoing basis.

6 Public money is defined in section 5 of the FMA Act.

7 A recipient means a recipient of a grant that is external to the legal entity of the Commonwealth. Notional payments and receipts by agencies within the meaning of section 6 of the FMA Act are not grants.

8 In an accounting sense, a grant is a non-exchange transaction, as government does not directly receive approximately equal economic value directly in return.

9 If terms and conditions are not specified in legislation, a grant agreement, guidelines or other documentation, agency staff should consider the substantive purposes and characteristics of a financial arrangement to determine the nature of the financial arrangement.

10 Where third parties are involved, agencies should note that issues relating to the handling of public money by “outsiders” under section 12 of the FMA Act may arise.

- 2.8 In some circumstances, agency staff will include members of expert committees or advisory panels, where those members provide advice or recommendations to the approver. Where the advice provided by the committee or panel members directly informs a decision about expenditure (for example, where the committee assesses applicants against particular criteria, or recommends supporting particular projects or distributing funds to particular applicants), committee or panel members should be treated as agency staff for the purposes of the CGGs.¹¹ On the other hand, where advice provided by a committee or panel members is general and unrelated to any specific applicant, activity or project, committee or panel members are not agency staff and are not subject to the CGGs.
- 2.9 FMA Regulation 3A(2) provides that the following arrangements are taken not to be grants:¹²
- a. the procurement of property or services by an agency, including the procurement of the delivery of a service by a third party on behalf of an agency, these arrangements are covered by the *Commonwealth Procurement Rules* (CPRs);¹³
 - b. an act of grace payment approved under section 33 of the FMA Act;
 - c. a payment of compensation made under:
 - i) an arrangement relating to defective administration; or
 - ii) an arrangement relating to employment conditions; or
 - iii) an arrangement established by legislation;¹⁴
 - d. a payment to a person of a benefit or an entitlement established by legislation;
 - e. a tax concession or offset;
 - f. an investment or loan;¹⁵
 - g. financial assistance provided to a State in accordance with section 96 of the Australian Constitution;
 - h. a payment to a State or a Territory that is made for the purposes of the *Federal Financial Relations Act 2009*,¹⁶ including the following:¹⁷
 - i) General Revenue Assistance; or
 - ii) Other General Revenue Assistance; or
 - iii) National Specific Purpose Payments; or
 - iv) National Partnership Payments;
 - i. a payment that is made for the purposes of the *Local Government (Financial Assistance) Act 1995*;¹⁸
 - j. a payment that is made for the purposes of the *Schools Assistance Act 2008*;¹⁹
 - k. a payment that is made for the purposes of the *Higher Education Support Act 2003*;²⁰ and
 - l. a payment of assistance for the purposes of Australia's international development assistance program, which is treated by the Commonwealth as official development assistance.²¹

11 This is because the provision of such advice is the performance of a "financial task" within the meaning of FMA Regulation 3. Persons performing financial tasks are officials under the FMA Act and are therefore agency staff for the purposes of the CGGs.

12 A gift of public property is not a grant as described in FMA Regulation 3A(1). Section 43 of the FMA Act provides for gifts of this kind.

13 The CPRs provides that in addition to the acquisition of property or services by an agency for its own use, procurement also encompasses a situation where an agency is responsible for the procurement of property or services for other agencies, or for third parties.

14 Including, but not limited to: payments under the Scheme for Compensation for Detriment caused by Defective Administration; payments under section 73 (Payments in special circumstances) of the *Public Service Act 1999*; payments under the *Remuneration Tribunal Act 1973*; and settlements made in accordance with the *Legal Services Directions 2005*.

15 Some forms of financial assistance provided by way of concessional loans may be subject to the CGGs.

16 For further information on the Federal Financial Relations Framework go to the website at www.federalfinancialrelations.gov.au.

17 Other forms of financial assistance made to States and Territories may be subject to the CGGs.

18 Other forms of financial assistance made to local government may be subject to the CGGs.

19 Other forms of financial assistance made to educational institutions may be subject to the CGGs.

20 *ibid.*

21 The Commonwealth has regard to the definition of official development assistance that the OECD has set out in its Development Assistance Committee Statistical Reporting Directives, available on the OECD's website.

2.10 Additional guidance on the financial arrangements referred to in paragraph 2.9 is available in relevant Finance Circulars.²²

Agency guidance

- 2.11 Several types of documents establish and explain the overarching Commonwealth grants policy framework:
- a. the CGGs, issued by the Finance Minister;
 - b. Finance Circulars which provide more detailed guidance on aspects of the financial management framework including the grants policy framework;
 - c. guidance documents developed by Finance or other agencies,²³ such as the *Implementing Better Practice Grants Administration: Better Practice Guide (June 2010)* published by the Australian National Audit Office (ANAO);
 - d. tools and templates issued by Finance to assist agencies to implement the grants policy framework, such as the low risk grant agreement template; and
 - e. overarching whole-of-government documents that are relevant to grants administration, such as the *National Compact: working together*, which outlines how the Government and not-for-profit organisations will work together based on partnership and respect.

22 At the time the CGGs were published, the relevant Circular was Finance Circular No. 2013/01: *Grants, Procurement and Other Financial Arrangements*, available on the Finance website at www.finance.gov.au.

23 An example of guidance from another agency is the Commonwealth Ombudsman's report *Executive Schemes, August 2009*, which outlines the eight best practice principles for agencies to consider when developing and administering executive schemes.

3 Legislative and Policy Framework

- 3.1 Ministers, Chief Executives and agency staff operate within an environment of legislation and government policy. Within this broad context, the financial management framework consists of the legislation, policy and guidance governing the management of Commonwealth resources. The grants policy framework is an important part of the financial management framework that provides for agencies to work together with the non-government sector to develop and deliver government policy outcomes.
- 3.2 The financial management framework contains an overarching requirement that Chief Executives *must* manage agency affairs in a way that promotes proper use of Commonwealth resources (i.e. efficient, effective, economical and ethical use that is not inconsistent with Commonwealth policies²⁴). In managing the affairs of the agency, Chief Executives *must* comply with the Constitution, the FMA Act and FMA Regulations and any other law.²⁵
- 3.3 Ministers *must* also comply with these legislative requirements and the CGGs.²⁶ Agency staff are responsible for advising Ministers on these requirements.

Key financial management legislative requirements

- 3.4 The FMA Act and FMA Regulations provide the overarching accountability framework for grants administration under which agency staff work together with the non-government sector. Chief Executives and agency staff need to consider their obligations under the FMA Act and FMA Regulations when undertaking grants administration. Chief Executive's Instructions (CEIs), operational guidance and grant guidelines *must* be consistent with these requirements, while including any additional agency specific processes.²⁷
- 3.5 Section 44 of the FMA Act provides that an agency Chief Executive *must* manage the affairs of the agency in a way that promotes proper use of the Commonwealth resources for which the Chief Executive is responsible. In doing so, the Chief Executive *must* comply with the FMA Act, the FMA regulations, Finance Minister's Orders, Special Instructions and any other law. Proper use means efficient, effective, economical and ethical use that is not inconsistent with the policies of the Commonwealth.
- Section 44 is an overarching requirement applying to all aspects of an agency's resource management, including grants administration.²⁸
 - Chief Executives mainly discharge their responsibility under section 44 by ensuring that their agency has appropriate policies, procedures, guidelines and internal controls in place, such as CEIs and operational guidelines. Agencies determine their specific practices and procedures for grants administration, provided they are consistent with the financial management framework and CGGs.
 - Chief Executives or agency staff need to determine whether there is a legal basis for the grant provided under section 44. If not, then refer to paragraph 3.6 below.
 - While Chief Executives are responsible for the management of their agencies, they are required to manage within the context of the Commonwealth's policy framework. The CGGs are the core policy of the Commonwealth relating to grants administration. Other policies which may be relevant for grants administration are discussed later in the CGGs.
- 3.6 Before entering into an arrangement²⁹ that may commit public money:

24 See section 44 of the FMA Act and FMA Regulation 9.

25 See section 44(2) of the FMA Act.

26 While the CGGs do not, in themselves, create requirements for Ministers, they reflect specific requirements decided by the Cabinet.

27 More detailed guidance on the operation of the FMA Act and Regulations is available in relevant Finance Circulars. At the time these CGGs were published, the relevant Circular was Finance Circular No 2011/01: *Commitments to spend public money (FMA Regulations 7 to 12)*. Agencies should consult the Finance website at www.finance.gov.au for the most recent Circulars, which are amended from time-to-time.

28 Section 44 also includes the following note "A Chief Executive has the power to enter into contracts, on behalf of the Commonwealth, in relation to the affairs of an Agency. Some Chief Executives have delegated this power under section 53."

29 Arrangement is defined in section 32B and section 44 of the FMA Act, and in FMA Regulation 3. In sections 32B and 44 of the FMA Act, arrangement is defined to include a contract, agreement or deed. In the FMA Regulations, arrangement is defined to mean an arrangement, including a contract or agreement, under which public money is payable or may become payable, other than, (a) an arrangement for: (i) the engagement of an employee; or (ii) the appointment of a person to a statutory office; or (iii) the acquisition of particular property or services under a general arrangement with the supplier of those property or services, for the purposes of providing a statutory or employment entitlement; or (b) an international agreement governed by international law. An arrangement includes an arrangement under which public money is, or may become, payable in the form of a notional payment.

- a. there *must* be authority to enter into the arrangement;
 - b. agency staff *must* have acted in accordance with the Commonwealth Procurement Rules or Commonwealth Grant Guidelines, where relevant; and
 - c. the spending proposal *must* be approved under FMA Regulation 9 and, if required, agreement obtained under FMA Regulation 10.
- 3.7 The authority to make commitments to spend public money generally comes from legislation. The authority to enter into, vary or administer an arrangement can come from section 44 of the FMA Act, section 32B of the FMA Act or other specific legislation. This authority may be delegated to agency staff to enable them to enter into, vary or administer an arrangement.
- 3.8 Where a commitment to spend public money relates to the ordinary services and functions of government³⁰, or an arrangement covered by specific legislation, the authority to enter into, vary or administer an arrangement comes from either section 44 of the FMA Act or the specific legislation.
- 3.9 Where the authority to enter into an arrangement is not contained in specific legislation and the arrangement does not relate to the ordinary services and functions of government, the authority to enter into the arrangement will need to come from section 32B of the FMA Act or through new or amended specific legislation. Section 32B provides the Commonwealth with the power to enter into, vary or administer an arrangement or a grant of financial assistance only if it is specified in Schedule 1AA to the FMA Regulations. Schedule 1AA may list a specific arrangement or grant of financial assistance, a class of arrangements or grants, or a program under which an arrangement or grant is made.
- 3.10 FMA Regulation 7A(2) provides that a staff member performing duties in relation to the administration of grants *must* act in accordance with the CGGs.
- 3.11 FMA Regulation 8 provides that a person – who can be a Minister, Chief Executive, delegate or other person – *must* not enter into an arrangement under which public money is, or may become, payable unless a spending proposal has been approved under FMA Regulation 9 and, if required, written agreement has been given under FMA Regulation 10.
- a. FMA Regulation 8 establishes requirements that *must* be met before a person enters into an arrangement.
 - b. FMA Regulation 8 applies to any contract, agreement or arrangement under which public money is, or may become, payable.³¹
- 3.12 FMA Regulation 9 establishes a single test, comprising a number of elements, which *must* be applied by an approver. In applying the test, an approver is required to balance the various elements, in order to determine whether giving effect to the spending proposal would be an efficient, effective, economical and ethical use of Commonwealth resources that is not inconsistent with the policies of the Commonwealth.³² FMA Regulation 9 is consistent with, and reinforces the requirement, in section 44 of the FMA Act, to promote proper use of Commonwealth resources in the context of government policy.
- 3.13 FMA Regulation 9 provides that an approver *must* not approve a spending proposal unless the approver is satisfied, after reasonable inquiries, that giving effect to the spending proposal would be a “proper use” of Commonwealth resources.
- a. FMA Regulation 3 defines an “approver” as a Minister, a Chief Executive or authorised person.
 - b. FMA Regulation 3 defines a “spending proposal” as a proposal that could lead to entering into a contract, agreement or arrangement under which public money is payable or may become payable.
 - c. “Proper use” means efficient, effective, economical and ethical use that is not inconsistent with the policies of the Commonwealth: subsection 44(3) of the FMA Act.
 - d. An approval for a spending proposal under FMA Regulation 9 can be provided verbally, however, FMA Regulation 12 requires the terms of the approval *must* be recorded in writing as soon as practicable after the approval is given. FMA Regulation 12 also sets out further recording requirements in relation to grants.
- 3.14 The grant agreement *must* be consistent with the terms of the approval given under FMA Regulation 9, including any

30 Ordinary services and functions of government means spending relating to the running costs of an agency, such as the payment of staff salaries or building rental. Generally, payments relating to the ordinary services and functions of government will come from departmental appropriations, however there can be situations where they are paid from administered appropriations. If you are unsure about whether an activity relates to the ordinary services or functions of government you should seek legal advice.

31 Such contracts, agreements or arrangements include grant agreements.

32 Finance Circular No 2011/01: *Commitments to spend public money (FMA Regulations 7 to 12)* provides further guidance on the application of the FMA Regulations.

conditions on the approval.

- 3.15 FMA Regulation 10 provides that if a person proposes to enter into an arrangement, and the relevant Agency has insufficient appropriation of money, under the provisions of an existing or proposed law that is before Parliament, to meet expenditure that might be payable under the arrangement, the person *must* not enter into the arrangement unless the Finance Minister has agreed, in writing, to the expenditure that might become payable under the arrangement.³³
- a. FMA Regulation 10 has particular relevance for multi-year grants or those grants that involve contingent liabilities, as there may be insufficient uncommitted appropriation to cover possible expenditure.
 - b. The Finance Minister has delegated powers relating to FMA Regulation 10, with certain directions that have the effect of limiting this authority, to agency Chief Executives.³⁴
 - c. If required, FMA Regulation 10 agreement *must* be obtained from the Finance Minister or an authorised delegate before entering into an arrangement.
- 3.16 FMA Regulation 10A sets out circumstances where a contingent liability will not require FMA Regulation 10 approval. These include where:
- a. the agency staff member entering into an arrangement is satisfied that the likelihood of the event occurring is remote (i.e. there is a less than five percent probability that the event will occur); and
 - b. if the event occurred, the most probable expenditure would not be material (i.e. \$5 million or more).
- 3.17 FMA Regulation 12 provides that if approval of a spending proposal has not been given in writing, the approver *must* record the terms of the approval in writing as soon as practicable after giving the approval.
- a. The recording requirements for *grants* differ from those relating to other spending proposals. FMA Regulation 12 contains the additional requirement to record the basis of an approval, in addition to the terms of the approval. In recording the basis of an approval, an approver *must* record the underlying rationale for the approval, in addition to the factual terms of the approval.
 - b. FMA Regulation 3A defines a grant for the purposes of FMA Regulation 12.
- 3.18 Agency staff³⁵ *must* note the implications of both section 5 and section 12 of the FMA Act when considering the involvement of third parties in grants administration.
- a. Section 5 defines public money as money in the custody or under the control of the Commonwealth, or money in the custody or under the control of any person acting for or on behalf of the Commonwealth in respect of the custody or control of the money.
 - b. Section 12 requires specific legislative authority or the Finance Minister's written authorisation before entering into an arrangement involving the receipt, custody or payment of public money by an "outsider".³⁶
- 3.19 More generally, agency staff involved in grants administration *must* ensure that they:
- a. behave in accordance with the law, government policy, agency rules (for example CEIs) and with applicable grant agreements;
 - b. keep commercially sensitive information secure and never use it for personal gain or to prejudice grants administration processes;
 - c. disclose information that the Government requires to be notified; and
 - d. disclose to their agency any form of current or prospective personal interest that might create a conflict of interest in grants administration.
- 3.20 The CGGs are an important part of the financial management framework. Breaches of the financial management framework may attract a range of criminal, civil or administrative remedies (including under the FMA Act, the *Public Service Act 1999* and the *Crimes Act 1914*). Agency Chief Executives *must* report instances of non-compliance with the mandatory requirements of the CGGs in their annual Certificate of Compliance.

33 In some circumstances, the Finance Minister's agreement will not be required – see Regulation 10A.

34 At the time the CGGs were published, the relevant delegations were the Financial Management and Accountability (Finance Minister to Chief Executives) Delegation 2010 and the Financial Management and Accountability (Finance Minister to Finance Secretary) Delegation 2010. Agencies should consult the Finance website at www.finance.gov.au for the most recent delegations, which are amended from time-to-time.

35 Agency staff includes persons allocated to an agency as they are undertaking a financial task (see para 2.8).

36 An outsider means any person other than the Commonwealth, agency staff or a Minister. The Finance Minister has delegated to agency Chief Executives with conditions, the power to authorise arrangements for the receipt, custody or payment of public money by an outsider.

Other policy and legislative requirements

- 3.21 An overarching principle is that Chief Executives and agency staff should work together across government and with the non-government sector when undertaking grants administration.
- 3.22 Chief Executives and agency staff involved in grants administration *must* comply with government policies and legislation relevant to grants administration.
- 3.23 The policy requirements relating to grants administration include:
- a. the CGGs, which are the core requirements of the Commonwealth relating to grants administration;
 - b. the guidelines applying to specific granting activities (including grant programs), such as the relevant program guidelines; and
 - c. applicable policies and legislation, such as those concerning privacy, government advertising, anti-discrimination, social inclusion, freedom of information, Australian industry participation and sector specific policies, such as the *National Compact: working together* relating to the not-for-profit sector.³⁷

Suppression clauses

- 3.24 Agency staff *must* not use criteria in grant application and selection processes or clauses in grant agreements that seek to limit, prevent or ban not-for-profit organisations from advocating on policy issues.

Grant-connected policies

- 3.25 Grant-connected policies are whole-of-government policies of the Commonwealth for which grants have been identified as a means of assisting delivery. These policies have been explicitly approved by the Prime Minister, the Cabinet or a committee of the Cabinet as applying to all Commonwealth grants. Agencies should consult the Finance website for information on the processes to seek approval for a grant-connected policy.
- 3.26 Many of these grant-connected policies are the responsibility of agencies other than Finance. The policy agency is responsible for actively managing the policy, including advising on the application of the policy.

³⁷ Many of these policies are the responsibility of agencies outside the Finance portfolio. The agency administering a policy is responsible for providing further information if required. The Administrative Arrangements Order (AAO) includes a list of Departments of State and their responsibilities. The AAO is available from www.dpvc.gov.au.

4 Grants-specific process requirements

- 4.1 In addition to the requirements in the FMA Act and FMA Regulations, other grants-specific requirements apply to Ministers, Chief Executives and agency staff.

Requirements for Ministers

- 4.2 Where a Minister exercises the role of an approver³⁸ under FMA Regulation 9 in relation to a grant or group of grants, the Minister *must* not approve the grant without first receiving written advice from agency staff on the merits of the proposed grant or group of grants. That advice *must* meet the requirements of the CGGs (see paragraph 4.6).³⁹
- 4.3 Ministers may approve grants within their own electorate.
- a. Where a Minister (including a Parliamentary Secretary) exercises the role of approver (that is a FMA Regulation 9 decision-maker) for grants awarded in his/her own electorate, the Minister *must* write to the Finance Minister advising of the details.
 - b. Where there is correspondence to the relevant grant recipient, a copy of this letter is sufficient, except in the circumstances outlined in paragraph 4.4(b). If there is no correspondence, Ministers *must* write to the Finance Minister advising of the decision as soon as practicable after it is made.
 - c. There are two circumstances where grants awarded in a Minister's own electorate do not need to be reported.
 - i Senators do not need to report on grants they decide to award in their own state or territory; or
 - ii Where grants are awarded state-wide, Australia-wide or across a region on the basis of a formula⁴⁰ by a Minister, and any of these grants falls in the relevant Minister's electorate, the Minister does not need to report to the Finance Minister.
- 4.4 Ministers may approve grants that are not recommended by the relevant agency staff.
- a. Ministers (including Senators) *must* report annually to the Finance Minister on all instances where they have decided to approve a particular grant which the relevant agency staff member has recommended be rejected. The report *must* include a brief statement of reasons (i.e. the basis of the approval for each grant). The report *must* be provided to the Finance Minister by 31 March each year for the preceding calendar year.⁴¹
 - b. If a decision relates to a Minister's own electorate (House of Representatives members only), the Minister *must* also include this information when writing to the Finance Minister in the context of the process outlined in paragraph 4.3.

Requirements for Agency Staff

- 4.5 Agency staff *must*:
- a. advise the relevant Minister on the relevant requirements of the FMA Act and Regulations and the CGGs, where a Minister exercises the role of an approver;
 - b. develop grant guidelines for all new granting activities (including grant programs), and revised guidelines where significant changes have been made to the current granting activity;⁴²
 - c. have regard to the seven key principles for grants administration; and
 - d. ensure that grant guidelines and related operational guidance are consistent with the CGGs.

38 FMA Regulation 3 provides that an approver (i.e. a person who may approve spending proposals under FMA Regulation 9) can include a Minister, and defines a spending proposal.

39 Under FMA Regulation 12, an approver of a spending proposal that relates to a grant under FMA Regulation 12 must record the basis of an approval, in addition to the terms of the approval.

40 For example, a targeted grants program could provide that, subject to specific eligibility criteria being met, particular organisations across a region will be awarded a grant.

41 Finance Circular 2013/02, *Australian Government Grants Briefing and Reporting* contains additional guidance on the form of the report, and is available from the Finance website at www.finance.gov.au.

42 Grant guidelines must be made publicly available (including on agency websites), except where there is a specific policy reason to not publicise the grant guidelines or grants are provided on a one-off or ad hoc basis.

- 4.6 Agency staff *must* provide written advice to Ministers, where Ministers exercise the role of an approver. This advice *must*, at a minimum:
- a. explicitly note that the spending proposal being considered for approval is a ‘grant’;
 - b. provide information on the applicable requirements of the FMA Act and Regulations and the CGGs (particularly any ministerial reporting obligations), including the legal authority for the grant;
 - c. outline the application and selection process, including the selection criteria, that were used to select potential grant recipients; and
 - d. include the merits of the proposed grant or grants relative to the grant guidelines⁴³ and the key consideration of achieving value with public money.
- 4.7 Agency staff should not seek information from grant applicants and grant recipients that is collected by other Commonwealth entities and is available to agency staff⁴⁴. In particular, agency staff *must* not request information provided to the Australian Charities and Not-for-profits Commission (ACNC) by an organisation regulated by them⁴⁵. When determining whether acquittal or reporting requirements are required, agency staff *must* have regard to information collected by regulators, such as the ACNC. If an entity provides an annual audited financial statement, then a financial acquittal should not be required, unless the granting activity is higher risk.
- 4.8 Competitive, merit based selection processes should be used to allocate grants⁴⁶, unless specifically agreed otherwise by a Minister, Chief Executive or delegate.⁴⁷ Where a method, other than a competitive merit based selection process is planned to be used, agency staff should document why this approach will be used.

Grant guidelines approval requirements

- 4.9 A risk-based approach⁴⁸ is in place for consideration of new or revised program guidelines (including guidelines for granting activities).⁴⁹ Agency staff should familiarise themselves with these requirements⁵⁰, in consultation with their Chief Financial Officer or relevant agency staff, prior to undertaking the risk assessment.
- 4.10 Agency staff involved in the development or revision of guidelines *must* complete a risk assessment of the granting activities and associated guidelines, in consultation with the Department of Finance and Deregulation and the Department of the Prime Minister and Cabinet.
- a. Where the risk level has been assessed as high or sensitive, the grant guidelines will be considered by the Expenditure Review Committee.
 - b. Where the risk level has been assessed as low or medium, the responsible portfolio Minister *must* write to the Finance Minister.

43 To satisfy the requirements of Regulation 12, it is important for approvers to understand that it is a specific requirement to record the basis under which they are satisfied that the proposed grant complies with Regulation 9, which stipulates certain tests that must be applied, in order for the approval to be given. This includes the requirement that a proposed grant must be consistent with the policies of the Commonwealth, noting that these policies include the guidelines issued in respect to the relevant granting activity. In this context, the basis for recommending or rejecting each proposed grant should be set out in the assessment material for each grant and should reflect the particular merits of each project in terms of the grant guidelines (including assessment against the eligibility and assessment criteria).

44 Agency staff should be aware of any legislative requirements that may prevent the sharing of information, such as the *Privacy Act 1998*.

45 Agency staff should discuss the availability of relevant information with the ACNC. See www.acnc.gov.au.

46 It may be appropriate in some circumstances to use non-competitive processes, such as, when the number of service providers is very limited and these providers have a well established record of delivering the grant funded activities.

47 This delegate would normally be a section 44 delegate.

48 Further information on grants administration risks and factors that should be considered are outlined in paragraphs 7.10 to 7.12.

49 Where one-off or ad hoc grants are made without the preparation of grant guidelines, these requirements do not apply.

50 See Estimates Memorandum 2011/19: *Process relating to the approval of new or revised program guidelines*.

5 Public Reporting

- 5.1 Effective disclosure and reporting arrangements for grants administration is essential for reasons of transparency and public accountability. Reliable and timely information on grants awarded is a precondition for public and parliamentary confidence in the quality and integrity of grants administration.

Web-based reporting requirements

- 5.2 An agency *must* publish, on its website, information on individual grants (as defined in paragraph 2.5) no later than fourteen working days after the grant agreement for the grant takes effect.⁵¹
- 5.3 The default position is that all agencies *must* report all grants⁵² awarded on their website.⁵³
- 5.4 Agency staff *must* identify whether a grant agreement contains confidentiality provisions.
- 5.5 There may be circumstances where agency staff determine that public reporting of grants in accordance with the CGGs is contrary to the *Privacy Act 1988* (Privacy Act), other statutory requirements, or the specific terms of a grant agreement.
- In these circumstances, the relevant agency staff *must* publish as much information as legally possible. For example, it may be possible to omit the name of the grant recipient and other personal information that may contravene the Privacy Act, but report other grant details.
 - The reasons for not reporting fully *must* be documented by agency staff.
 - Agency staff should also take all reasonable steps to ensure that future grant agreements contain provisions that do not prevent the disclosure of information.
- 5.6 Where agency staff assess that publishing grant information in accordance with the CGGs could adversely affect the achievement of government policy outcomes, the responsible Minister may seek an exemption from the Finance Minister. The responsible Minister *must* write to the Finance Minister detailing the rationale for exemption. Agency staff should consult with Finance before commencing this process.
- 5.7 Grants information *must* be retained on an agency's website for at least two financial years. Where it is not practicable to do so (for example, due to the exceptional volume of grants needing to be maintained on the website) agencies *must* retain appropriate records, consistent with their accountability obligations, and ensure the records are available on request.

51 The date of effect will depend on the particular arrangement. It can be the date on which a grant agreement is signed or a specified starting date.

52 This includes grant variations, where those variations involve additional payments of public money.

53 Finance Circular 2013/02 *Australian Government Grants Briefing and Reporting*, contains detailed guidance on the information to be published by agencies. It is available on the Finance website at www.finance.gov.au.

PART 2

6 Key Principles for Grants Administration

- 6.1 This part of the CGGs sets out how to apply the key principles of grants administration. Whilst the CGGs contain a number of mandatory requirements, they provide flexibility in how agency staff can work together with stakeholders to design and undertake granting activities; identify and engage with risk; and achieve government policy outcomes.
- 6.2 The Australian Government has seven key principles for grants administration that apply to all forms of granting activity⁵⁴ and all processes and phases of grants administration. These key principles are:
- robust planning and design;
 - collaboration and partnership;
 - proportionality;
 - an outcomes orientation;
 - achieving value with public money;
 - governance and accountability; and
 - probity and transparency.
- 6.3 Chief Executives and agency staff *must* put in place practices and procedures to ensure that grants administration is conducted in a manner that is consistent with these seven key principles. Ensuring that the requirements of the CGGs are well understood and effectively incorporated into the design and administration of any granting activity is important to ensure that the potential grant recipients best suited to undertake grant funded activities apply for and receive a grant.
- 6.4 The CGGs provide the framework within which Chief Executives may issue Chief Executives Instructions (CEIs) and associated operational guidance related to grants administration within the specific agency. Chief Executives are encouraged to use the Commonwealth's Model CEIs⁵⁵ as the basis for their own CEIs, as this will reduce the risk of misinterpreting the requirements of the financial management framework and promote consistency across agencies.
- 6.5 Agency staff should work together with key stakeholders, both within government and outside of government, through all phases of grants administration, such as the design and development of grant guidelines and application processes.⁵⁶ Agency staff should build productive relationships with grant applicants and recipients to collaboratively achieve government policy outcomes.

54 Examples include grant programs as well as one off ad hoc grants, grants awarded through competitive, non-competitive and/or targeted selection processes.

55 The Model CEIs, which are designed to assist agency staff develop CEIs, cover the eleven core topics applicable to the majority of agency staff, including grants. See Finance Circular No. 2011/05: *Chief Executives Instructions - Part 2*.

56 Agency staff should balance this requirement for consultation against any issues that may arise in respect to probity, conflict of interest and the potential for competitive advantage.

7 Robust Planning and Design

- 7.1 High quality planning underpins efficient, effective, economical and ethical grants administration.
- 7.2 Agency staff should work together with stakeholders to plan, design and undertake granting activities, particularly grants programs.
- Potential grant recipients and beneficiaries will likely have valuable insights into how best to design and implement the proposed granting activity and will assist to ensure outcomes are appropriately aligned to public needs.
- 7.3 Grants administration processes should be proportional to the scale and risk profile of the granting activity. Agency staff should consider that granting activities affect not only the Commonwealth and grant recipients, but also impact on the beneficiaries of a grant.
- 7.4 Agency staff should address all relevant planning issues before granting activities commence. These issues should be built into the design of any granting activities.
- The specific issues to be addressed will depend on the nature of the granting activities. A complex granting activity may, for example, require a different approach to a grant made on a one-off or ad hoc basis.
- 7.5 Agency staff should have regard to all relevant planning issues, including the need to:⁵⁷
- establish a rationale for the granting activity, particularly what outcomes are expected and how these will be measured;
 - define the operational objectives for the granting activity;
 - communicate effectively with potential recipients and key stakeholders;
 - undertake risk identification and engagement;
 - design the granting activity to achieve value with public money;
 - ensure that eligibility criteria reflect the policy intent;
 - clearly identify decision makers and their roles;
 - design the granting activity for accountability, probity and transparency;
 - carefully consider the application and selection process to be used;
 - establish performance and evaluation measures;
 - select an appropriate funding strategy and grant agreement;
 - consider taxation matters and seek advice where appropriate;
 - consider the Australian Government's accounting treatment;
 - develop appropriate documentation, such as grant guidelines and application information;
 - consider legal and policy matters; and
 - implement robust governance arrangements.
- 7.6 Risk is part of the environment in which government operates. Understanding, accepting and managing risk is part of everyday decision making within government. Chief Executives should develop a positive risk culture within their agencies, supported by appropriate frameworks and processes. A key element of planning and designing a granting activity is to identify and engage with risk. Agency staff should be conscious of the risks of a granting activity, make informed decisions in managing these risks and identify and harness potential opportunities.
- 7.7 Agency staff should ensure that the entity best placed to manage a specific risk is identified, the risks are assigned to that entity, and that they manage those risks. Identifying the entity best able to manage a risk and assigning that risk is an active process that should occur through all phases of grants administration.

⁵⁷ Agencies may identify other matters requiring consideration at the planning phase, depending on their specific circumstances .

- 7.8 Risk identification and engagement should be built into an agency's grants administration processes. Risk identification and engagement activities will vary depending on the agency, granting activity, grant, or grant recipient. Some risks can appropriately be mitigated or managed through the grant agreement, while other risks are better managed through other phases of grants administration, such as planning and design, the application and selection process and the ongoing relationship between agency staff and grant recipients.
- 7.9 Risk can be categorised a number of ways. The CGGs use three broad categories: granting activity or grant program risk; grantee risk; and project risk.
- 7.10 Risks involving the *granting activity or grant program* relate to the planning, development and implementation of the granting activity by the relevant agency, such as:
- the nature of the granting activity (i.e. scope, complexity, uniqueness, quantum of funds, etc);
 - design of the activity (i.e. a new or novel approach, having clearly defined outcomes, a unique allocation mechanism, timeframes, cost shifting, etc);
 - agency capacity to administer the granting activity (i.e. resourcing, infrastructure requirements, staff experience and skills, etc); and
 - implementation issues (i.e. communications with grant recipients and other stakeholders, clear accountabilities, ongoing grant administration, etc).
- 7.11 Risks involving the *grantee/recipient* relate to the industry or sector, grant recipient and agency's relationship with the grant recipient, such as:
- the nature of a particular industry (i.e. emerging industries, highly volatile sectors, controversial providers, industry capacity and regulation, etc);
 - the relationship between the parties to the grant agreement (i.e. contractual relationships, collaboration, stakeholder expectations, multiple funding bodies, etc);
 - experience, capacity and past history of grant recipients; and
 - accountability procedures (i.e. performance management, fraud, conflict of interest, 'double dipping', etc).
- 7.12 Risks involving the *project/task /services* relate to the specific activities that are funded by the grant, such as:
- the nature of grant funded activities (i.e. scope and range of activities, number of activities, geographic coverage, location, beneficiaries involved, etc);
 - stakeholder capabilities (i.e. governance and experience, co-funding arrangements, clear roles and responsibilities, competing outcomes, etc);
 - project design (i.e. value and duration of specific projects, specific objectives, timeframe for projects, etc); and
 - project standards (i.e. service standards, specific accountabilities, etc).
- 7.13 Agency staff should ensure that risk identification and engagement is supported by performance information, procedures and systems that continuously identify and treat emerging risks throughout the grants administration processes.

8 Collaboration and Partnership

- 8.1 Agency staff should work collaboratively with stakeholders, including other government entities, grant recipients and grant beneficiaries⁵⁸. It is important to consider the needs and interests of grant recipients and beneficiaries. It should not be assumed that the same approach will suit all grants activities and circumstances. Through effective collaboration, shared understanding of expectations and positive working relationships, government policy outcomes can be achieved.
- 8.2 Agency staff are encouraged to seek input from potential grant applicants, beneficiaries, relevant industry and community sectors, and other key stakeholders when developing or modifying granting activities. Agency staff, working together with stakeholders, will:
- improve the design and delivery of granting activities;
 - help identify and reduce fragmentation and unnecessary overlaps in granting activities;
 - improve the responsiveness, flexibility and relevance of granting activities;
 - reduce administration and compliance costs for potential applicants and government;
 - aid in the development of appropriate outputs, outcomes, impact measures, accountability, governance and grants documentation; and
 - encourage potential grant applicants to understand their legal rights and obligations.
- 8.3 Consultation and co-operation with other stakeholders can help reduce fragmentation and unnecessary overlaps, improving outcomes for grant recipients, beneficiaries, the Commonwealth and other funding organisations. Agency staff should consider what interaction a particular granting activity may have on other government or non-government funded activities, particularly where there are similar policy outcomes.
- Granting activities could be funded by Commonwealth, State or Territory and local government bodies, private trusts and foundations or national or state coordinating organisations.
 - Agency staff should develop effective liaison with other funding organisations, particularly where policy responsibility or grants administration is shared between different agencies or levels of government, or where an agency or third party is responsible for the grants administration of another agency.
- 8.4 Agency staff should choose methods that will promote open, transparent and equitable access to grants.
- Agency staff should ensure that publicly available grant opportunities are notified in ways that provide all potential grant applicants with reasonable opportunity to apply.⁵⁹
 - Careful consideration should be given to the use of appropriate and effective promotion, to increase awareness of grant opportunities in key target groups. Appropriate and effective promotion of grant opportunities can include print and broadcast media, news features and editorials, newsletters and direct mail, workshops or other special events, public launches or announcements, the internet, social media and the use of outposted officers.
- 8.5 It is important that agency staff develop clear, consistent and well-documented grant guidelines and other related documentation. Agency staff should consider that a single reference source for policy guidance and other documentation (for example, administrative procedures, eligibility and assessment criteria appraisal processes, monitoring requirements, evaluation strategies and standard forms) helps to ensure consistent and efficient grants administration.
- 8.6 Grant guidelines may consist of a suite of documents that relate to one or more granting activities, such as overarching guidelines, specific application or expression of interest documentation and/or documentation covering the ongoing operation of the grant.
- 8.7 Agency staff *must* ensure that any suite of documents that form the grant guidelines for any granting activity are consistent with the CGGs.
- Agency staff should ensure that the rules of granting activities are simply expressed, are clear in their intent

58 Beneficiaries include the individuals and entities which directly or indirectly receive a gain or benefit from activities funded by a grant.

59 Agencies should use whole of government websites, such as GrantsLink at www.grantslink.gov.au or the Indigenous Portal at www.indigenous.gov.au to promote their grants.

and are effectively communicated to stakeholders. Agency staff should consider testing the clarity of grant guidelines with stakeholders prior to their release.

- Potential grant applicants need access to adequate information to enable them to submit a grant application. Application documentation, developed by agency staff, should contain clear eligibility and assessment criteria to enable the selection of applications in a consistent, transparent and accountable manner. The design of the application form should assist applicants to provide information in respect of all selection criteria.
- Application forms and associated information should be easy to understand and provide all necessary information. Guidance should include contact points and details for further information, application forms and other information. Prompt action should be taken to update websites and other sources of public information following changes to granting activities (including grant programs).
- Eligibility criteria, prepared by agency staff, should be straightforward, easily understood and effectively communicated to potential applicants. This helps avoid frustration and potential costs to applicants associated with developing and submitting applications that are not eligible or that have little chance of success.
- The information supplied with application forms should include: a statement of the granting activity objectives; the information required to assess the application; the appraisal criteria to be used when assessing applications for approval and their relative importance; and information about the approval process itself (including the closing date for applications and likely decision dates, if applicable; an outline of the selection process including who will be responsible for making the final recommendations and approval decisions; requirements to ensure the provision of performance information; a description of complaint handling, appeal, review and/or FOI mechanisms; and reporting and acquittal requirements).
- Agency staff should ensure that grant guidelines clearly inform potential grant recipients of terms and conditions that recipients will need to meet during the life of the grant, such as financial and performance reporting. The proposed grant agreement should be included with the grant guidelines so that grant applicants can consider this at the time that they are considering applying for a grant.
- Timely appraisal avoids possible inequities and waste that may arise through unnecessary delay.

8.8 A well-designed grant agreement will help establish the basis for effective working relationships based on collaboration and respect between the grant recipient and the granting agency, and a shared understanding of objectives and expectations.

- Longer term grant agreements are conducive to improved partnerships between grant recipients and agency staff. Where appropriate, agency staff should consider longer term grant agreements.

9 Proportionality

- 9.1 Proportionality in grants administration involves striking an appropriate balance between the complexity of a granting activity, including the ongoing requirements for the grant recipients, and managing the risks for beneficiaries and the Commonwealth. Agency staff should ensure that grant processes appropriately reflect the capabilities of grant recipients and accommodate the Government's need for robust and accountable processes, consistent with the risks involved. Agency staff should apply the proportionality principle to suit the specific circumstances of their particular granting activities.
- 9.2 Granting activities vary widely in nature, scale and degree of complexity.
- Some granting activities may involve grant recipients, such as individuals, small business or the not-for-profit sector while others involve large corporations, primary producers or whole industry sectors. Some potential grant recipients may have prior experience in applying for and delivering grants, while others may not.
 - Some granting activities support the ongoing delivery of services, with grants provided to the same or similar organisations over a period of years. Other granting activities may support new policy, with the associated risks of doing something for the first time, due to social, business or strategic changes.
 - Some granting activities provide short-term, one-off assistance to grant recipients, while others may be for a longer duration with multiple application rounds.
 - Some granting activities require only a broad specification of purposes and relatively simple accountability requirements, while others may require tight specifications and complex accountability.
- 9.3 Agency staff should use the proportionality principle to inform the choice of the application and selection process, the grant agreement to be used and the reporting and acquittal requirements. Agency staff should tailor grant guidelines, application processes, grant agreements accountability, and reporting requirements based on the potential risks and specific circumstances (see paragraph 7.9). In doing this, agency staff should consider: an assessment of the capability of grant recipients; the policy outcomes being sought; the purpose, value and duration of a grant; the nature and type of deliverables; governance; accountability requirements; and the nature and level of the risks involved.
- Grant agreements for a small-scale one-off grant should take the form of a simple letter of offer or exchange of letters.
 - For low risk grants, where the likelihood of identified risks occurring is remote or the impact of the identified risk is minimal, the grant agreement should cover those risks that can be appropriately managed through the agreement and ensure that the grant recipient is not overburdened.
 - More complex grants may require tailored grant agreements. For complex grants, involving high levels of conditionality and multiple funding partners, grant agreements may need to be individually structured to reflect the role, responsibilities and level of control which each of the parties is expected to assume.
- 9.4 In particular, agency staff should apply the proportionality principle when determining the reporting and acquittal requirements for grants. Agency staff should determine the volume, detail and frequency of reporting requirements, proportional to the risks involved and policy outcomes being sought.
- Where a grant is used to support the ongoing delivery of services from the same organisations over a period of years, agency staff should consider reducing the detail of their accountability and reporting requirements, given a recipient's established record of compliance and performance.
 - Subject to transparency considerations and risk assessment, it may be appropriate for agency staff to provide grant recipients that have a consistent record of high performance and reliability, more streamlined reporting requirements and evaluation measures, for example, allowing for aggregation of reports and less frequent reporting milestones.
 - When determining whether acquittal or reporting requirements are required, agency staff *must* have regard to information collected by regulators and available to agency staff. In particular, agency staff *must* not request information provided to the ACNC by an organisation regulated by them⁶⁰. If an entity provides an annual audited financial statement, then a financial acquittal should not be required, particularly for lower risk grants.

60 Agency staff should discuss the availability of relevant information with the ACNC. See www.acnc.gov.au.

- Where possible and appropriate, agency staff should consider aligning grant reporting requirements with a recipient's internal reporting, such as the annual reporting cycle and/or other substantive reporting requirements.
- Agency staff should not impose obligations on recipients to provide information which is available from other sources, such as regulatory bodies, the Australian Bureau of Statistics, peak bodies or publicly available material.

9.5 A further consideration is the agency's reporting requirements. Inappropriately or inflexibly applied agency standards and accountability frameworks could deter potential grant applicants. For example, requiring small businesses or not-for-profit entities to report in the same manner as large corporate entities may not be appropriate. Similarly, poorly formulated reporting requirements which focus on outputs rather than outcomes, can be overly burdensome, while stifling innovation by grant recipients.

- Agency staff should use better practice tools⁶¹ and templates, such as the National Standard Chart of Accounts for reporting by not-for-profit organisations.
- Agency staff should balance the stringency of acquittal procedures against the level of risk, based on consideration of the risks involved with the granting activity or grant program, the grantee/recipient and the project/task/services being funded, and the costs of compliance. Agency staff should consider that independently audited financial statements, may be expensive and difficult to source in rural and remote areas, or may comprise a large proportion of a low value grant.

9.6 Agency staff should explain in granting activity documentation, such as grant guidelines and operational procedures, how the proportionality principle is to be applied. Proportionality decisions should also be recorded. Agency staff should periodically review these decisions, so that accountability and reporting requirements remain aligned to considerations of performance and risk through all phases of grants administration.

⁶¹ The Standard Business Reporting (SBR) initiative may also be relevant for financial reporting, see www.sbr.gov.au.

10 An Outcomes Orientation

- 10.1 Granting activities should be designed and implemented so that grant recipients focus on outcomes and outputs for beneficiaries, while seeking the most efficient and effective use of inputs. Chief Executives and agency staff should focus on achieving government policy outcomes.
- 10.2 Granting activities should have a performance framework that is linked to an agency's strategic direction and key performance indicators. Agency staff should determine operational objectives that can be used to evaluate a granting activity. Specifically, agency staff should determine what change is expected as a result of a granting activity (the intended outcomes) and then measure the actual outcome.
- An agency's strategic direction outlines at a high level what it seeks to achieve. It is recorded in an agency's Portfolio Budget Statements.
 - The operational objective is a statement of what the granting activity is intended to achieve. Granting activities should be based on clearly defined and documented objectives. The objectives should be a concise, unambiguous, realistic statement of what the granting activity is intended to achieve.
- 10.3 Agency staff should ensure that the objectives of particular granting activities are clear and specific. This will make it easier to develop supporting documentation, such as selection criteria, limit wasted applications and aid in the development of an appropriate performance framework, based on proportionality considerations. Agency staff should develop operational objectives which:
- are clearly linked to the outcomes set by government;
 - are linked to an agency's strategic goals and/or directions and stated in such a way that clearly communicates what is to be achieved, measured, evaluated, and/or assessed;
 - include quantitative, qualitative and milestone information or are phrased in such a way that it is clear when these objectives have been achieved;
 - are authorised or endorsed by Ministers, the agency Chief Executive or senior agency staff, whichever is appropriate;
 - are shared with potential applicants, grants recipients, and where appropriate beneficiaries; and
 - are reviewed regularly, and whenever changes are made to the granting activity.
- 10.4 In adopting an outcomes orientation, agency staff should ensure that outcome, output and input measures are clearly specified, as this will facilitate effective and efficient evaluation of granting activities and the services and activities funded by the grant.
- Outcome measures assess the extent to which the granting activity is meeting both the strategic directions and operational objectives of the agency. Outcome measures relate to changes effected in the community and may include: the level of usage of facilities built with grant money; the level of community involvement resulting from projects; and levels of service delivery.
 - Output measures show the extent to which the granting activity's operational targets or milestones have been achieved. Output measures may include: the numbers of completed projects; the numbers of new applicants; and the numbers and/or value of grants awarded.
 - Input measures show the inputs, such as cash and resources, consumed by grants administration and may include: the costs of administering a granting activity; the number of staff employed and the costs of processing applications.
- 10.5 In adopting an outcomes orientation, agency staff should consider common traps identified by the ANAO.⁶² These can include:
- assuming that the award of a grant automatically secures the desired outcome;
 - assuming that the consumption of inputs results in the delivery of desired outputs and outcomes; and

58 *Implementing Better Practice Grants Administration: Better Practice Guide* (Australian National Audit Office, June 2010).

- framing performance indicators that are reliant upon data provided by the grant recipient, without validating the recipient's capacity to produce accurate, reliable and complete data.
- 10.6 In adopting an outcomes orientation, agency staff should consider the use of longer term grant agreements, where appropriate, in order to achieve outcomes. For example, where funding of projects or the delivery of services is likely to occur over a number of years, it may be more appropriate to provide successful applicants with longer term grant agreements rather than conducting multiple grant rounds and offering grants for one to two years duration.
- 10.7 Performance reporting requirements and other information sought from grant recipients are key inputs used by agency staff in evaluating whether outcomes have been achieved and whether a particular grant achieved value with public money. In developing the performance reporting and information requirements for particular granting activities and grant recipients, agency staff should balance the amount of information sought and the associated costs to grant recipients of collecting and collating such information, against the obligation to perform due diligence in relation to grant evaluation processes.
- Agency staff, in close consultation with stakeholders, should design performance information to show the extent to which the grant is contributing to government objectives, as well as producing outputs.
- 10.8 Agency staff should establish appropriate performance measures on which to evaluate granting activities. Agency staff should ensure that performance measures are flexible enough to take into account the risk profile of the granting activities, grant recipients, and the project/task/services being funded. Agency staff should ensure that these measures are specified in: grant guidelines; agreements and other grants administration documentation; and the agencies broader performance management framework.
- Agency staff should undertake an evaluation of a grants round before initiating further grant rounds, in order to determine whether existing grants administration processes, practices and requirements remain applicable.
 - While conducting the evaluation, agency staff should consider the extent to which government outcomes and agency strategic directions remain appropriate as a result of the impact of the grant.
- 10.9 Requesting appropriate targeted performance information will assist grant recipients and agency staff to draw well-informed conclusions. It therefore contributes to timely and effective decision-making in managing granting activities. It can provide useful information on which to base future decisions for designing, continuing or concluding granting activities, and can contribute to the accountability of agencies for their performance.
- Agency staff should apply proportionality principles (see Section 9) to their grants administration. The proportionality principles along with risk identification and engagement, allows agency staff to consider their information needs and tailor or adjust the information requirements based on the granting activity or grant program risks, grantee or recipient risks, and project/task/services risks.

11 Achieving Value with Public Money

- 11.1 Achieving value with public money should be a prime consideration in all phases of grants administration. Grants administration should provide value, as should the grant recipients in delivering projects/tasks/services funded by the grant. This requires the careful comparison of the costs and benefits of feasible options in all phases of grants administration, particularly when planning and designing grants processes and when selecting grants recipients. It is also a means by which agency staff can assure the agency Chief Executive, Ministers and the Parliament that resources are deployed in an efficient, effective, economical and ethical manner, while not imposing overly burdensome requirements on grants recipients.
- 11.2 Agency staff achieve value with public money in grants administration by:
- considering and promoting proper use of Commonwealth resources (proper use means efficient, effective, economical and ethical use that is not inconsistent with Commonwealth policies);
 - working with stakeholders when appropriate to develop or modify granting activities. Stakeholder input can aid in improving the efficiency of the design and delivery of granting activities;
 - using processes, procedures and requirements that are proportional to the risks and nature of granting activities. For intellectual property rights resulting from activities undertaken with grant money, agencies should not generally assert ownership, but should consider a licence for Commonwealth purposes, for example, reporting to Ministers;
 - adopting an active risk identification and engagement approach focused on minimising potential adverse impacts and maximising opportunities, through identifying and treating risks;
 - responding to change. Agency staff should establish flexible processes so as to be able to respond quickly to changing government priorities;
 - effective program design and selection processes. The objective of the appraisal process is to select projects/activities that best represent value with public money in the context of the objectives and outcomes of the granting activity (including grant programs). A fundamental appraisal criterion is that a grant should add value by achieving something worthwhile that would not occur without the grant; and
 - ongoing monitoring and management. The establishment of on-going monitoring and management arrangements throughout the life of the grant should enable the granting agency to assure that granting activities are proceeding as planned and that grant money is being appropriately applied.
- 11.3 Grant recipients contribute to achieving value with public money by:
- considering how best to deliver the goods or services to target groups or individuals. This may involve using existing processes and technologies or professional standards, or it may involve innovation and performance improvement by the grant recipient or agency staff;
 - having in place an effective risk management approach that will minimise potential waste of grant money;
 - ongoing monitoring and management of the project/task/services funded by the grant, as appropriate. This may involve the effective use of organisational processes, procedures and systems to produce the required reporting information;
 - contributing to government policy objectives through collaborative delivery of projects/tasks/services funded by the grant; and
 - participating in evaluation processes.
- 11.4 The planning and design phase of grants administration is important to address questions of how best to achieve value with public money. Whilst the list is not exhaustive, agency staff should consider the following points as they may reveal less costly or more effective means of achieving government policy outcomes.
- It is important that agency staff determine that a grant is the most appropriate mechanism. There may be alternative means to realise a desired outcome, such as the use of statutory powers or the purchase of services.
 - Where government makes a specific decision regarding the establishment of a granting activity, agency staff should still consider whether a needs analysis in the selection process would assist in identifying the highest priority projects, services or activities, consistent with the intended government policy outcomes.

- Agency staff should determine whether an existing granting activity or grant program may be expanded or modified to meet an identified need, rather than establishing an additional granting activity. Relevant considerations include: the possible duplication of grant guidelines; advertising budgets; application and selection processes; grant agreements and payment arrangements; systems and support; and monitoring and performance assessment procedures. Agency staff should consider that duplication will generally add to an agency's administrative costs and may increase compliance cost for recipients.
- Agency staff should consider other sources of funding that may be available. Consideration should be given to the possibility of 'double-dipping' by a grant recipient. Double-dipping occurs where a grant recipient is able to obtain a grant for the same project or activity from more than one source.
- Agency staff should be alert to the possibility of 'cost shifting' to the Commonwealth by another level of government, or 'substitution of effort' by another level of government. Cost shifting occurs where, for example, the Australian Government provides a grant for an activity that should be paid for by a state, territory or local government. Agency staff should put in place a range of procedures to minimise opportunities for cost shifting and substitution of effort. These include seeking assurances that grant money will not be used for activities that would normally be paid for by a state, territory or local government. A further measure is to specify the types of payments or projects excluded from Commonwealth grants in any relevant grant documentation such as grant guidelines and operational guidance.
- Agency staff should consider the use of longer term grant agreements, where circumstances permit. When considering the appropriate length of term of grant agreements, agency staff should consider the administrative costs involved for the agency and recipients. Longer term grant agreements may better achieve value with public money and government policy objectives, than conducting multiple grant rounds with grant agreements of shorter term duration.

12 Governance and Accountability

- 12.1 Granting activities (including grant programs) should be underpinned by solid governance structures and clear accountability for all parties involved in grants administration.
- 12.2 Accountability involves ensuring individuals and organisations are answerable for their plans, decisions, actions and results. Accountability arrangements in grants administration relate to both the process of grants administration, including the grants allocation processes and ongoing grants management, and the achievement of government objectives. Ministers, Chief Executives, agency staff and grant recipients all have their respective roles to play in achieving the applicable government objectives and should be held accountable for the ways in which they fulfill their roles.
- 12.3 Agency staff should clearly define the roles and responsibilities of all parties involved in grants administration. Agency staff are encouraged to develop a robust governance framework, which clearly defines the roles and responsibilities of the various parties, as this will facilitate accountability.
- Any grants governance framework *must* be underpinned by the mandatory requirements in Part 1 of the CGGs, such as the need for Chief Executives and agency staff to ensure that grants administration, including decision-making, is consistent with the requirements of the FMA Act and FMA Regulations and that Ministers are advised of their requirements under the CGGs.
 - Any grants governance framework should also clearly outline the role of grant recipients in the administration of a grant and the role of third parties, such as, advisory panels or entities that may manage grants on behalf of the Government.
- 12.4 Agency staff should develop policies, procedures and documentation necessary for the effective and efficient governance and accountability of granting activities. This should include the development of grant guidelines and associated operational guidance for administering the grants on an ongoing basis. It is particularly important that such guidance clearly sets out who are the decision makers for different activities involving grants administration. Agency staff *must* ensure the development of such guidance is consistent with the CGGs.⁶³
- 12.5 Agency staff involved in developing and/or managing granting activities should have the necessary grants management, stakeholder liaison and financial management skills. Agency staff involved in assessing applications should be appropriately skilled and have access to procedural instructions and/or training before processing grant applications.
- These safeguards are particularly important if grants administration is devolved to regional offices or across multiple agencies, or involves different levels of government or individuals and organisations external to the Commonwealth.
 - Care should be exercised to ensure that the competing demands on staff time and scarcity of expertise do not lead to variations in the standards of appraisal and administration.
- 12.6 Accountability is dependent on the proper maintenance, awareness and availability of appropriate grants administration documentation and processes. Record keeping is therefore a key component of good grants governance and accountability. Good record keeping by agency staff will assist in meeting accountability obligations, demonstrate compliance with the CGGs and the financial management framework, and show that due process has been followed in actions and decisions.
- Agency staff should have regard to grants-specific record keeping requirements relating to FMA Regulation 12 and the implications for record keeping of the grants-specific mandatory requirements in Part 1 relating to requirements for Ministers and agency staff and web-based reporting obligations.
- 12.7 Good record keeping assists agency performance by better informing decision-making. For example:
- where agency staff can identify previous and current grant recipients and their performance they will be better able to assess risks;
 - approvers should document the reasons for decisions in awarding grants (and where appropriate not awarding grants) as this will assist equitable application of the assessment criteria, in particular, when selection processes are conducted over an extended period of time. This helps to ensure that grant money is awarded to those projects or activities that best satisfy the objectives of the granting activity; and

⁶³ See paragraph 4.5 (d) of Part 1 of the CGGs.

- where it is proposed to use a method other than a competitive, merit based selection process, agency staff should document why this approach has been used.⁶⁴
- 12.8 Agency staff should ensure that grant agreements are well drafted and are fit-for-purpose, as this will contribute to good governance and accountability. Grant agreements are an opportunity to clearly document the expectations of all parties in relation to the grant. Both agency staff and grant recipients should clearly understand conditions in the grant agreement. The use of plain English facilitates this. A well-drafted grant agreement is one that provides for:
- a clear understanding between the parties on required outcomes, prior to the commencement of grant funding;
 - appropriate accountability for public money, which is informed by risk analysis;
 - agreed terms and conditions in regards to the use of the grant, including any access requirements; and
 - the performance information and other data that the recipient may be required to collect as well as the criteria that will be used to evaluate the grant, the grant recipient's compliance and performance.
- 12.9 There is no form of grant agreement that is right for all grants. Unless legislation or policy mandates the form of an agreement, agency staff should choose the appropriate form of agreement, based on:
- an analysis of the risks;
 - consideration of proportionality;
 - the context in which the grant is made (for example, the nature of the recipient, relevant applicable legislation, and relevant policy directions);
 - guidance material, templates and tools provided by Finance;
 - agency staff and the recipient working collaboratively;
 - the best way to resolve issues that may arise;
 - agency templates and guidance; and
 - legal advice, where appropriate.
- 12.10 Agency staff should ensure that the chosen form of grant agreement supports public money being used for the intended purpose. The grant agreement should, at a minimum, define project deliverables, schedule payments (according to progress), specify reporting requirements and acquittal procedures (if required) which are proportional to the risks involved.
- A grant recipient's own policies and procedures should support the grant agreement and ensure the effective and efficient governance and accountability for the grant money they receive.
- 12.11 Where legislation, regulation, government policy or Ministerial direction imposes specific requirements such as how, to whom and in what form a grant is made and specifies particular terms and conditions, agency staff should meet those requirements.
- For example, a grant agreement *must* be consistent with the terms of the approval given under FMA Regulation 9, including any conditions on the approval.
 - An Australian Industry Participation (AIP) Plan may be required where a grant is \$20 million or more and use of grant money may involve the acquisition of goods or services that can be purchased internationally.⁶⁵
- 12.12 A well-drafted grant agreement alone is not sufficient to ensure the objectives of the grant are met. Agency staff should ensure that grant agreements are supported by ongoing communication, active grants management and performance monitoring requirements, which are proportional to the risks involved.

⁶⁴ See paragraph 4.8 of Part I of the CGGs.

⁶⁵ Agencies must consult with the Department of Industry, Innovation, Science, Research and Tertiary Education to confirm if an AIP plan is likely to be needed for a particular grant see www.innovation.gov.au/Industry/AustralianIndustryParticipation/Pages/AIPPlansforCommonwealthGovernmentGrants.aspx

- Performance and financial monitoring provide useful information on which to assess the extent that objectives have been achieved.
- The monitoring of payments and progress are integral to good governance and risk management and provide a measure of assurance that public money allocated to grant recipients has been spent for its intended purposes.
- Adequate and well-documented arrangements to ensure financial accountability are the basis of effective grant acquittal. Reliable, timely and adequate evidence is required to demonstrate that grant money has been expended in accordance with the terms and conditions of the grant agreement. The stringency of acquittal procedures should be balanced against the level of risk and take into account the cost of compliance. Active risk engagement and management strategies will help achieve this balance.

13 Probity and Transparency

- 13.1 Probity relates to ethical behaviour. Establishing and maintaining probity involves applying and complying with public sector values and duties such as honesty, integrity, impartiality and accountability.
- 13.2 Transparency refers to the preparedness of those involved in grants administration, including agency staff and grant recipients, to being open and prepared to be subject to scrutiny about grant processes and granting activities (including grant programs). This involves providing reasons for decisions and the provision of two-way information to government, the Parliament, grants recipients, beneficiaries and the community. Transparency provides assurance that grants administration is appropriate and that legislative obligations and policy commitments are being met.
- 13.3 Probity and transparency in grants administration is achieved by ensuring:
- that decisions relating to granting activity are impartial; appropriately documented and reported; publicly defensible; and lawful. The key relevant requirements are set out in Part 1 of the CGGs (Section 3, Legislative and Policy Framework and Section 4, Grants-specific Process Requirements);
 - compliance with the public reporting requirements set out in Part 1 of the CGGs (Section 5, Public Reporting); and
 - that grants administration by agency staff and grant recipients incorporates appropriate safeguards against fraud, unlawful activities and other inappropriate conduct.
- 13.4 Chief Executives should ensure that agency fraud procedures and practices comply with the *Commonwealth's Fraud Control Guidelines* (FCGs 2011), including those procedures that relate to grants administration. The FCGs place obligations on agency Chief Executives and staff in relation to: fraud risk assessments; control plans; awareness and training; and case handling and reporting. An appropriate FCG compliant system of checks should be in place as part of an agency's internal controls and audit framework.
- Under section 45 of the FMA Act, an agency Chief Executive *must* implement a fraud control plan for the agency.
 - Under section 46 of the FMA Act, a Chief Executive *must* establish and maintain an audit committee.
- 13.5 Chief Executives should:
- establish appropriate internal control mechanisms for grants. For example, the separation of duties can be key internal control. Generally, no single officer should appraise an application for a grant, give financial approval for the expenditure and make the offer to the applicant; and
 - guard against fraudulent use of grant payments. For example, reported information should be assessed not only against objectives but appropriate benchmarks to indicate appropriate use of funds and agency staff should be aware of the procedures to follow when fraud or misappropriation is suspected.
- 13.6 Actual or perceived conflicts of interest can be damaging to government, the grant applicant, the grant recipient, the agency and its staff. A conflict of interest arises where a person makes a decision or exercises a power in a way that may be, or may be perceived to be, influenced by either material personal interests (financial or non-financial) or material personal associations. A conflict of interest may arise:
- where decision makers or agency staff involved in grants administration have a direct or indirect interest, which may influence the selection of a particular project or activity;
 - where members of expert or advisory panels or committees have a direct or indirect interest in informing a decision about expenditure or providing advice on grants; and
 - where a grant recipient has a direct or indirect interest, which may influence the selection of their particular project or activity during the application process. Conflicts may also arise when undertaking the grant project.
- 13.7 Agency staff should establish transparent processes which help manage misconceptions and the potential for personal or related party gain. Chief Executives should ensure that agency policy and management processes for conflict of interest are published to support probity and transparency.
- 13.8 Chief Executives should put in place appropriate mechanisms for identifying and managing potential conflicts of interest for granting activities. These mechanisms may include:

- establishing procedures for agency staff and potential grant recipients to declare their interests;
- developing procedures to manage potential conflicts of interest in all phases of grant administration;
- maintaining a register of staff interests; and
- ensuring that grant guidelines clearly outline what constitutes a conflict of interest.

13.9 Agency staff should conduct granting activities in a manner that minimises concerns about equitable treatment.⁶⁶ This can provide assurance to the various stakeholders that public money has been spent for the approved purposes and is achieving the best possible outcomes.

- Agency staff should ensure that decisions in relation to the approval of applications for grants are transparent, well documented and consistent with the legislative and policy requirements set out in Part 1, Section 3 and 4 of the CGGs.
- Agency staff should put in place a transparent and systematic application and selection process. Such processes assist in informing decisions and enhancing confidence in the granting activity outcomes and grants administration processes, for both stakeholders and the public.
- The ANAO has observed that, in its performance audits of grant programs, it has put an emphasis on the geographic distribution of certain grant programs as a measure of equitable distribution and as an indicator of party-political bias in the distribution of grants. The ANAO has emphasised that those involved in grants administration should therefore be aware that the geographic and political distribution of grants may be seen as indicators of the general equity of a program.⁶⁷
- A key consideration is whether decision-makers have equitably and transparently selected activities or projects that best represent value with public money in the context of the objectives and outcomes of the granting activity, as set out in grant application guidelines.

13.10 Competitive merit based processes should be used to allocate grants based upon clearly defined criteria, unless specifically agreed otherwise by a Minister, Chief Executive or delegate. Key factors to be considered by agency staff in deciding the most appropriate allocation process include: the objective of the granting activity; the likely number and type of applications; the nature of the grant; the value of the grants; and the need for timeliness and cost-effectiveness in the decision-making process while maintaining rigour, equity and accountability.

13.11 Agency staff should consider the options available for selection processes, including:⁶⁸

- open competitive funding rounds which have open and closed nominated dates, with eligible applications being assessed against the nominated selection criteria;
- targeted or restricted competitive funding rounds which are open to a small number of potential grant recipients based on the specialised requirements of the granting activity or project under consideration;
- a non-competitive, open process under which applications may be submitted at any time over the life of the granting activity and are assessed individually against the selection criteria, with funding decisions in relation to each application being determined without reference to the comparative merits of other applications;
- a demand-driven process where applications that satisfy stated eligibility criteria receive funding, up to the limit of available appropriations and subject to revision, suspension or abolition of the granting activity;
- a closed non-competitive processes. For example, where applicants are invited by the agency to submit applications for a particular grant and the applications or proposals are not assessed against other applicants' submissions but assessed individually against other criteria; or
- one-off grants to be determined on an ad-hoc basis, usually by Ministerial decision.

13.12 In determining the most appropriate application and selection process for a granting activity, agency staff should consider and document a range of issues associated with the available options, such as nature and needs of grant recipients,

⁶⁶ All parties involved in grants administration may be vulnerable to complaints of inequitable treatment, political and other forms of patronage or bias.

⁶⁷ *Implementing Better Practice Grants Administration: Better Practice Guide* (Australian National Audit Office, June 2010).

⁶⁸ See *Implementing Better Practice Grants Administration: Better Practice Guide* (Australian National Audit Office, June 2010) for further guidance.

maximising access to grants and policy outcome concerns against the advantages and disadvantages, risk analysis, timeliness and cost-effectiveness of the proposed process.

- 13.13 In some circumstances, it may be appropriate to use a non-competitive and/or a non-application based process. For example, it may be important to strike a balance between the desire to maximise access to a grant and the need for a timely and cost-effective decision making process. It may also be appropriate to target particular individuals, organisations, regions, or industry sectors, depending upon the government policy outcomes to be achieved. Where it is proposed to use a method other than a competitive, merit based selection process, agency staff should document why this approach has been used.⁶⁹
- 13.14 There may be instances where it is considered necessary to waive or amend the eligibility and assessment criteria established for a granting activity, in whole or in part. Where eligibility and assessment criteria are waived, decisions to approve grants should still be consistent with the policy authority for the granting activity and/or the applicable published objectives. Agency staff should document these decisions.
- Agency staff should ensure that grant guidelines document the circumstances in which the eligibility and assessment criteria set out in grant guidelines may be waived or amended.
 - Agency staff should seek Ministerial or other appropriate authority before invoking provisions for waiving or amending eligibility and assessment criteria and keep appropriate records.
 - The ANAO has observed that it is important that appraisal and selection processes be transparent and free from the risk of political or other bias.⁷⁰ It is better practice for all like applications to be assessed using a common appraisal process, and where there is a departure from the common approved process, the reasons should be documented. Similarly, grant assessors should document when referring to, or relying on, knowledge or documentation other than the application form.
- 13.15 Accountability and transparency are related concepts. Accountability involves grant recipients, agency staff and decision-makers being able to demonstrate and justify the use of public resources to government, the Parliament and the community. This necessarily involves all parties keeping appropriate and accessible records to evidence the above.

⁶⁹ See paragraph 4.8 of Part 1 of the CCGs.

⁷⁰ *Implementing Better Practice Grants Administration: Better Practice Guide* (Australian National Audit Office, June 2010).

Acronyms

AAO	Administrative Arrangements Order
ANAO	Australian National Audit Office
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CFO	Chief Financial Officer
CGGs	<i>Commonwealth Grant Guidelines</i>
CEIs	Chief Executive's Instructions
CPRs	<i>Commonwealth Procurement Rules</i>
FFR Act	<i>Federal Financial Relations Act 2009</i>
Finance	Department of Finance and Deregulation
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FMA Regulations	<i>Financial Management and Accountability Regulations 1997</i>
FOI	Freedom of Information

Glossary

For the purposes of the CCGs, terms have the meanings defined below.

Agency means a Department of State, (including persons allocated to the Department by the FMA Regulations), a Parliamentary Department, or any agency prescribed under the FMA Regulations (see Section 5 of the FMA Act).

Agency staff means officials of the agency. This includes persons who are not employed by the agency but perform a ‘financial task’ for the agency. A “financial task” is defined in FMA Regulation 3 as a task or procedure relating to the commitment, spending, management or control of public money.

Application process refers to the steps that must be followed by individuals/organisations to be considered for a grant. It includes the forms, written documentation and the eligibility and assessment criteria to be satisfied.

Approver means a Minister or agency Chief Executive (including a Chief Executive’s delegate). An approver is authorised to consider and approve spending proposals under Regulation 9. A person may also be authorised to approve proposals to spend money under legislation other than the FMA Act (see FMA Regulation 3).

Allocated official means a person outside the Commonwealth who performs a financial task in relation to grants administration and temporarily becomes an official of the agency while they are undertaking that task. As an allocated official, they are subject to all the requirements of the financial management framework that apply to all officials, including the FMA legislation, the CCGs, the policies of the Commonwealth and the relevant agency’s CEIs.

Assessment criteria are the specified principles or standards, against which applications will be judged. These criteria are also used to assess the merits of proposals and, in the case of a competitive granting activity, to determine applicant rankings.

Beneficiaries include the individuals and entities which directly or indirectly receive a gain or benefit from activities funded by a grant.

Eligibility criteria refer to the mandatory criteria which must be met for a grant application to qualify for a grant. Eligibility criteria may apply in addition to assessment criteria.

Granting activities refers to the process of providing public money to potential grant recipients, whether through a grant program or other grant giving exercise.

Grant administration includes the whole process of granting activity and includes: planning and design; selection and decision-making; the making of a grant; the management of grant agreements; reporting; and review and evaluation.

Grant agreement sets out the relationship between the parties to the agreement, and specifies the details of the grant.

Grant project refers to a combination of activities undertaken by grant recipients funded by the grant money.

Selection process is the method used to select potential grant recipients. This process may involve comparative assessment of applications or the assessment of applications against the eligibility criteria and/or the assessment criteria.

Selection criteria comprise eligibility criteria and assessment criteria.