**July 2017**

**Grants Management Framework**

Principles and policies for best practice

in the administration of grants

Da Capo Solutions Pty Ltd

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# List of Acronyms

ABN Australian Business Number

ABR Australian Business Register

ACN Australian Company Number

ACNC Australian Charities and Not-for-profits Commission

AFS Audited Financial Statement

ANAO Australian National Audit Office

ASR Assessor/s

ATO Australia Taxation Office

CGG Commonwealth Grant Guidelines

COAG Council of Australian Governments

CTH Commonwealth of Australia

DEL Delegate

ESP External Service Provider

FAS Financial Acquittal Statement

FC Funding Contract

FMA Northern Territory Financial Management Act 1995

FOI Freedom of Information

GAU Grants Administration Unit

GMF Grants Management Framework

GST Goods and Services Tax

NFP Not-for-Profit Organisation

NTCS Northern Territory Correctional Services

NTG Northern Territory Government

PFR Performance Report

PGO Principal Grant Officer

REV Reviewer

SOR Statement of Requirements

SCOA National Standard Chart of Accounts and Data Dictionary

INtroduction

Over the past decade there has been a significant shift in how governments across Australia provide benefits to the community, with third parties increasingly being engaged to deliver services on behalf of the public sector. The nature of these arrangements can broadly be categorised into four relationship types: government funded services which are client-directed and individualised; collaborative, joint ventures; purchase of service contracting, including competitive and negotiated tendering (the ‘purchaser-provider’ model); and service delivery through operational grants. The focus of this document is on the last of these – but bearing in mind that government practice has steadily exhibited a tendency to operationally converge purchaser-provider and grants funding paradigms.

Traditionally, grants were structured as ‘input focussed’, whereby funding by government was provided with no necessary expectation of a benefit in return. More grants are now arranged however as ‘output focussed’, such that government funding is provided *on condition of delivery of a service on behalf of government*. This shift, accompanied by the aforementioned convergence, means that there is a heightened necessity for grants funding to be subject to fuller accountability mechanisms; grants programs involve the *expenditure of public funds for the principal benefit of public beneficiaries* – not primarily grant recipients as was once the case.

This contemporary interpretation of the operational grants model has numerous strengths, and can be an effective form of service delivery if managed well. The purpose of this document is to guide that management process. It endeavours to:

* Detail best practice in grants management for NTCS, consistent with legislative requirements and recognised Australian guidelines;
* Describe processes for appropriate management, accountability and control arrangements over the design, implementation, payment, ongoing monitoring, acquittal, and evaluation of grants; and ultimately
* Provide guidance to all NTCS staff, to facilitate a shared understanding of the key principles and policies which should underpin end-to-end grants management.

This Grants Management Framework (GMF) has been authored as a specialist document which seeks to succinctly articulate principles and policies that are of direct relevance to NTCS, bearing in mind the particulars of its business objectives and capabilities. Accordingly it is not absolute or exhaustive; a wide range of literature considering all aspects of grants funding and administration is available for further, in-depth reference. The GMF is however, intended to be sufficiently comprehensive and detailed to provide its readership with all necessary guidance to understand, and act in accordance with best practice in grants management.

The remainder of this document is divided into two parts. Part A broadly seeks to provide guidance on the *principles* underpinning good grants management, describing the legal and definitional framework and principles for best practice within which grants should be situated. Part B then builds upon these principles, to provide more succinct and practical *policy* guidance on establishing a grant project, dealing with applications for funding, administration of Funding Contracts, and evaluation of performance.

# Legal and definitional Framework

## Definition and Purpose of a Grant

For the purposes of NTCS:

A grant is defined as an arrangement for the provision of financial assistance to an External Service Provider (ESP) to provide a service for public beneficiaries, which is intended to promote the policy objectives and strategic intent of the agency, and assist the recipient to build capacity and achieve its goals, under such terms and conditions as unilaterally determined by the agency.

Financial arrangements which are not grants include the following:

* The procurement of property or services, including the procurement of property or services by a third party on behalf of the agency;
* An act of grace (*ex gratia*) payment;
* A payment of compensation relating to defective administration, employment compensation, or for a purpose established by legislation;
* A payment to a person of a benefit or entitlement established by legislation;
* A tax concession or offset;
* An investment or loan, whether repayable or not;
* A gift of public property;
* A reimbursement of expenses for property or services, whether evidence of expenditure is supplied or not; and
* A payment which is in consequence of another agreement between the agency and another party.

Whist grants are usually distinguishable from these financial arrangements, sometimes the distinction between a grant and a procurement may not be immediately obvious. In those cases it is helpful to consider the broader picture, including the purpose for which the funds are to be provided, the type of activity generated by the funding, the source of funds, and identity of the beneficiaries. In general if the major focus of the arrangement is on the provision of property or services to the NTG or a third party organisation, or not primarily for the benefit of public beneficiaries, it should generally be treated as a procurement and subject to procurement procedures and regulations. Therefore, a grant arrangement always involves three parties:

* The Provider (NTCS) – who designs, administrates, and oversees the grant;
* The Recipient (ESP) – who delivers the service as an agent of the provider; and
* The Beneficiary (Public) – who receives the benefit of the granting activity.

The purpose of a grant must always be linked to the core business and goals of the agency, and maintain a nexus to, and be consistent with, the strategic intent of NTCS. Hence:

The purpose of an NTCS grant is to contribute to community safety by reducing re-offending through employment, education and programs.

## Legislative Framework

The principal statute governing grants for agencies of the NTG is the *Financial Management Act* 1995 (NT).[[1]](#footnote-1) The requirements imposed on NTCS by this legislation are articulated in practice under section A6.4: Grants and Subsidies, of the *Northern Territory Treasurer’s Directions*.

Selected extracts of significance from the Treasurer’s Directions include the following:

* A6.4.1 – “Grant and subsidy expenses are distributions of public money made by an Agency to other Agencies, entities or individuals that are directed at achieving Agency outputs and outcomes.”
* A6.4.2 – “Grants may be non-reciprocal or reciprocal in nature.”
* A6.4.2(ii) – “Grant and subsidy distributions are often used by Agencies as a means of delivering services to the community and can take many forms, including the provision of cash, non-cash assets and services. They can be adopted as a cost effective and efficient way of delivering required services where appropriate public sector skills or resources are not available and where certain organisations have closer contact with target groups or service users.”
* A6.4.2(v) – “Grants and subsidies should be distinguished from the purchase of everyday goods and services by an Agency. In the majority of cases, the purchase of goods and services will be based on standard terms and conditions set by the supplier rather than the Agency. Conversely, grants and subsidy terms, conditions and/or eligibility criteria will invariably be established by the Agency (or Government) providing the grant, rather than the grant recipient.”
* A6.4.3 – “A non-reciprocal transfer means a transfer in which an Agency provides assets or services or extinguishes liabilities without directly receiving approximately equal value in exchange from the other party or parties to the transfer.”
* A6.4.6 – “A reciprocal transfer means a transfer in which an Agency provided assets or services or extinguishes liabilities and directly receives approximately equal value in exchange from the other party or parties to the transfer.”
* A6.4.11 – “Each Agency is to ensure that appropriate management, accountability and control arrangements are in place over the payment, ongoing monitoring, and acquittal of grants and subsidies.”
* A6.4.11(i) – “In particular, the payment of grant monies should be transparent and capable of withstanding public scrutiny.”
* A6.4.11(ii) – “…Agencies should have regard to the relative risk and context within which a grant or subsidy is made”
* A6.4.11(iii) – “…considerations that may be applicable to grant and subsidy distributions include, but are not limited to:
  + the identification and selection of recipients should be clear, transparent and capable of withstanding public scrutiny, with potential recipients selected on merit against established criteria;
  + …written agreements should be legally sound;
  + …applicable grant terms and conditions should be clearly specified and communicated with grant recipients, including any non-compliance and/or repayment requirements;
  + clear acquittal processes should be established that are commensurate with the nature, risk and amount of funding provided;
  + …payments…should be approved by an appropriately delegated officer;
  + grants should be followed up in a timely manner where terms and/or conditions are breached to a material extent and partial or full repayment of a grant is required;
  + …periodic review of the overall efficiency and effectiveness of grant and subsidy funding as a means of achieving Agency objectives should be undertaken.”

A second NT statute of direct relevance to grants for agencies of the NTG is the *Information Act* 2002 (NT).[[2]](#footnote-2) Under this Act, in relation to grants:

* Personal information should be managed by the agency in accordance with the Information Privacy Principles[[3]](#footnote-3) and not be disclosed to any other third party without the consent of the ESP, unless required by law or authorised by the Act;
* Personal information should only be accessed by authorised agency staff for purposes directly related to assessing applications and managing grants; and
* ESPs must refrain from engaging in direct marketing and impose the same privacy obligations to partners and subcontractors it engages to deliver services.

More generally, agency staff should bear in mind that grants procedures should be consistent with the dictates of Australian administrative law, and in particular priorities of natural justice, anti-discrimination, and freedom of information.

A final statute directly concerning grants for agencies of the NTG is the *A New tax System (Goods and Services Tax) Act* 1999 (Cth), in relation to GST obligations. Although it is incumbent on ESPs to apprise the ABR and NTCS of their GST status, the agency must still be aware of GST implications for grants payments for both the agency and recipient, and act in accordance with Territory policies specified in NT Treasury Tax Circulars.

## Commonwealth Government Policy Framework

The Commonwealth Grant Guidelines (CGGs), issued by the Federal Finance Minister under regulation 7A of the *Financial Management and Accountability Regulations* 1997, establish the policy framework for grants administration by Commonwealth Government agencies subject to the *Financial Management and Accountability Act* 1997 (Cth). These highly detailed guidelines may be instructive to NTCS in general, but do not bind it in any way. Notably however, the CGGs articulate seven broad principles for grants administration: robust planning and design; collaboration and partnership; proportionality; an outcomes orientation; achieving value with public money; governance and accountability; and probity and transparency. These judicious principles are recognised and incorporated henceforth in this GMF as and where they are relevant to the specific grants work of NTCS.

# Principles for Best Practice

The high level principles applicable for best practice in the administration of grants are outlined below. These principles are essentially relevant to all NTG agencies, with processes and concepts described being suitable irrespective of the substantive operational objective of a grant. Hence they are not only principles, but also standards for best practice.

## Organisation and Consistency

To maintain integrity and accountability, mitigate concerns about equitable treatment of ESPs, and ensure constancy in business practice, it is imperative that NTCS conduct its grants work in an organised and consistent manner within, and across its divisions. In practice, this means following uniform, systematic workflow processes to help ensure that both agency staff and ESPs are aware of their obligations, and can have confidence in the outcomes of their work. From a business standpoint, maintaining consistent work protocols also assists when staff changes occur and there can otherwise be a loss of institutional memory regarding correct processes.

Consistency is also essential with regards to terminology. Clearly defining grants activities as distinct from other agency work and financial arrangements helps to alleviate confusion; for example, procurement terminology such as ‘request for tender’ and ‘expressions of interest’ should not generally be used in grants documentation. Accordingly, both the process by which grants are established, administered and evaluated, and definitions and terminology associated with these activities should be clearly documented and accessible to agency staff.

## Communication and Collaboration

An effective grants program requires clear communication between all stakeholders; that is, both with ESPs but also within NTCS itself. Staff should seek to consult, cooperate, and collaborate with potential grant applicants, industry and community sectors, other government agencies, and relevant employees within their organisation to help reduce fragmentation, unnecessary overlaps and duplication of funding. Agency policy objectives are most likely to be achieved through collaborative efforts which facilitate positive working relationships, information sharing, and a shared understanding of expectations and intended outcomes.

With regard to ESPs, it is imperative that NTCS maintains meaningful dialogue, providing reasoning and guidance wherever possible. Hence in relation to applications and acquittal tasks, it is important not only to provide timely notification of success, failure, compliance, and non-compliance, but also details for why a submission has been adjudicated as such. It should not be assumed that all an ESP requires is money – the agency can contribute valuable, specialist advice and experience which will help ESPs to build capacity and ultimately deliver better results.

Bear in mind though that agency staff should be careful to not overstep their bounds. Advice and assistance communicated should always be provided at arms-length, by qualified persons, and not transgress the separation of duties between the provider and recipient; NTCS should seek to assist ESPs to apply for grants, deliver services and acquit their activities wherever possible, but never directly complete their work for them.

## Probity and Transparency

Establishing and maintaining probity – ethical behaviour – involves applying and complying with the values of NTCS: integrity, respect, courage, professional excellence, commitment and accountability. Transparency is a related, but independent concept, which relates to the agency’s willingness to be open, and prepared to be subject to scrutiny about its processes and decisions. Probity and transparency in grants administration are principally achieved by ensuring that decisions are impartial, documented, publicly defensible, and lawful, and that processes incorporate appropriate safeguards against fraud, unlawful activity, and other inappropriate conduct.

Public reporting is a key method by which both principles are given effect; effective, reliable, and timely disclosure of information helps to provide both the public and parliament with confidence in the quality and worth of a grants program. Accordingly, details of approved grants, identifying the recipient, amount, and basic contract details should be published on the NTCS website as well as its annual report, unless prohibited by a specific policy or legislative reason. Details of rejected applications may also be published and can specify reasons for non-approval. In both instances, the agency should consider what information, if any, should be treated in confidence under the *Information Act* 2002 (NT). Nevertheless, the default position should be that NTCS must report as much information as legally possible regarding its grants activity, in a manner which allows for reasonable access and scrutiny by the public.

Maintaining probity and transparency in grants administration also requires careful consideration of actual or perceived conflicts of interest. These arise where a person makes a decision or exercises a power in a manner which may be, or may be perceived to be, influenced by material personal interests (whether financial or non-financial) or material personal associations; any personal bias, obligation, interest or loyalty that reasonably affects decision-making on anything but the merits may constitute a conflict. Consequently, in order to prevent any inferences of impropriety, NTCS staff should always declare if they have a potential conflict of interest, and abstain from any decision-making where a conflict is identified.

## Defined Objectives

Grant projects should be designed to ensure that their objectives are clear and specific, and readily communicate what is to be achieved, assessed, measured, and evaluated. In order to do this, it is necessary to delineate the inputs, outputs, and outcomes relevant to a granting activity. These terms can be broadly understood as follows:

* *Inputs* are those things consumed to make the grant activity possible (e.g. time, cash, non-cash resources, in-kind support, direct and indirect administration costs);
* *Outputs* are quantifiable measures which are able to numerically express the extent to which a grant seeks to, or actually achieves operational targets (e.g. the number of clients to be serviced, the number of completed activities); and
* *Outcomes* are unquantifiable measures which are able to qualitatively express the desired, or actually realised extent to which a grant meets the strategic and operational objectives of the agency (e.g. the impact of the grant on the public, the quality of the services provided, the change in a client’s capacity, attitude or outlook).

Thus grant projects should be designed and implemented so that both NTCS and ESP focus on achieving *outcomes* and *outputs* for beneficiaries, whilst seeking to most efficiently and effectively utilise their respective *inputs*. Bear in mind that awarding a grant or consuming inputs does not, in and of itself, secure the delivery of desired outputs and outcomes. Thus, it is essential to describe the inputs, outputs, and outcomes relevant to a granting activity from the outset, to facilitate ongoing, effective and efficient evaluation of the services and activities funded by a grant.

## Robust Record-Keeping and Accounting

Ministers, chief executives, agency staff and ESPs all have their respective roles to play in achieving specific government objectives and should be held accountable for the ways in which they fulfil their roles. This accountability is enabled in no small part by robust record-keeping and adherence to recognised accounting protocols.

First and foremost, documentation and relevant files should be maintained with the same rigour applied to financial records and transactions; this includes written communications between the parties, file notes, financial acquittal statements, performance reports, and milestone documentation – not only copies of executed grant Funding Contracts. This information should be archived systematically and made accessible for current and future reference. Moreover, particularly during reviews and audits, records of decision making processes and reasoning applied are as significant as final determinations; these should be recorded at all stages of establishing a grant project, considering applications, monitoring compliance and evaluating performance.

Utilisation of best practice accounting methodologies also promotes good grants management. Most pertinently, NTCS should adopt usage of the National Standard Chart of Accounts and Data Dictionary (SCOA)[[4]](#footnote-4) as the default standard applicable to the financial components of its end-to-end grants work.[[5]](#footnote-5) Doing so will ensure that NTCS receives consistent, comparable, and standardised financial data, allowing it to undertake more accurate assessments, analysis and evaluations – which in turn will lead to better and more targeted policy development vis-à-vis achieving agency objectives via grants. For ESPs the SCOA will likewise provide a consistent accounting framework for bookkeepers and volunteers and reduce compliance and administrative costs associated with government reporting processes – particularly for those servicing multiple NTG or Commonwealth agencies.

# Establishing a Grant Project

Establishing a grant project is the first stage in the end-to-end grants process. A project must be well defined, justifiable, and developed via a consistent workflow. These aims are achieved through the creation of a business case, consideration of eligibility, design of a clear statement of requirements, and following uniform protocols for approval and publication of the project.

## Business Case

The purpose of the business case is to determine whether the need for a grant project has been thoroughly established.[[6]](#footnote-6)

The business case should articulate:

* What the public need is for the project;
* Who will be the targets group/s of beneficiaries who would benefit from the project;
* What will be the target issue/s addressed by the project;
* How the project is aligned to the agency’s strategic intent;
* What quantum of funds will be required to finance the project;
* What the source of funds will be to finance the project;
* What input/s will be consumed by the project;
* What outcome/s should be satisfied by ESPs for the beneficiaries of the project;
* What output/s, and how many units of them, should be satisfied by ESPs for the beneficiaries of the project;
* What change is expected as a result of the project, and what the consequences of not creating the project would be;
* Whether the objectives of the project will be achieved in a cost-effective manner, or could be better addressed by a financial arrangement other than a grant;
* When the project will start and end, and when within that period applications should be accepted; and
* Whether similar NTCS, NTG or Commonwealth projects exist, and if so a) the degree to which these have been successful, and b) whether the proposed new project will complement and not duplicate or conflict with existing projects.

Additionally:

* Take time to develop a robust business case before progressing to the approval or publication stage of a grant project;
* Seek guidance within the agency but also externally for specialist advice if necessary (bearing in mind that few grant schemes are entirely new);
* Consult evaluations of similar, past projects to inform the design and parameters of the proposed project; and
* Be aware of, and if relevant identify, potential legal risks that may arise including the likelihood of personal injury, property damage, or defamation; possibilities for breach of legislation, contract, and intellectual property rights; and non-legal risks such as financial and reputational risks to NTCS.[[7]](#footnote-7)

## Eligibility

ESP eligibility to apply for funding to achieve the objectives of the project should be as broad as practicable, in order to generate a high level of interest from prospective applicants and encourage competition in the service-provision sector.

In determining who should be eligible to apply, note that:

* ESPs are not required to have a prior funding relationship with the NTG;
* ESPs must be a legal entity, not an individual, collection of natural persons, or unincorporated body;
* ESP eligibility should be considered and offered in classes; that is, to all Aboriginal Corporations, or Corporations, or Incorporated Associations, or Partnerships, or Trusts, or Statutory Bodies;
* A selected ESP, or multiple particular ESPs, may be identified to be eligible in addition to, or in place of a class of ESPs; and
* The agency will enter into contractual relationships only with a single entity and not a consortium (though an ESP may, acting as a primary contracting party, auspice, partner, or subcontract with other organisations or individuals to deliver services).

## Statement of Requirements

The purpose of the statement of requirements (SOR) is to clearly and comprehensively explain to an ESP the parameters of the grant project for which they are eligible to apply.

The SOR should be presented as a succinct, attractive and professional document, written in plain English, and require no assumed, departmental knowledge to be intelligible to an ESP. It can be considered as analogous to a job description (but not job application) form.

In order to be comprehensive, the SOR should specify the:

* Name, description, duration and objectives of the project;
* Target groups of people the project is seeking to assist;
* Target issues the project is seeking to address;
* Outcomes the ESP will be expected to achieve;
* Outputs the ESP will be expected to deliver;
* Opening and closing dates within which applications will be considered;
* Checklist documents the ESP should supply with their application;
* Selection criteria against which applications will be assessed; and
* Disclaimer that personal information supplied in an application will be used by NTCS in accordance with the *Information Act* 2002 (NT).

## Approval and Publication

A grant project may only be approved by a person with the requisite financial delegation to authorise a budgetary commitment by NTCS, and once approved should be published on the agency website for transparency and to encourage applications for funding.

Approving a grant project does not, in and of itself, approve the actual expenditure of funds. Rather, it constitutes approval of an NTCS commitment to the public to provide funds for the purpose of financing a grant initiative. ESPs will have to apply for some or all of this funding, and if successful will ultimately execute a Funding Contract with the agency, which creates an actual contractual commitment to expenditure.

Before approving a grant project, ensure that:

* The approver has the necessary financial delegation to approve a grant project;
* The project is consistent with the agency’s strategic intent;
* The business case is comprehensive and accurate;
* The determination of ESP eligibility is neither unnecessarily broad or restrictive;
* The statement of requirements (SOR) is clear, comprehensive and accurate;
* All potential legal risks that may arise (including the likelihood of personal injury, property damage, or defamation; possibilities for breach of legislation, contract, and intellectual property rights; and non-legal risks such as financial and reputational risks to NTCS) have been considered and can be mitigated or managed;
* The agency has the financial and administrative capacity to manage the project, given its resources, staff skills base, and the scope and complexity of the project; and
* Where a project has been initiated by, or been subject to Ministerial intervention, the involvement is a) documented, in the interest of maintaining transparency and probity, and b) still accompanied by a written advice on the merits of approval or disapproval by NTCS.

Any corrections required to project documentation must be made prior to approval. Thereafter, once the project is approved, the SOR must be published on the NTCS website in a timely manner, even where eligibility is restricted or targeted to specific ESPs. This duty of disclosure should always occur, unless prohibited by a specific policy or legislative reason. Finally, those ESPs eligible to apply for the project should be contacted by the agency, to alert them to the opportunity to apply for funding.

# Applications for Funding

Once a grant project has been established, eligible ESPs will be able to apply for funding with reference to the Statement of Requirements published by NTCS. To ensure best practice thereafter, the agency must ensure that the process by which applications are handled is robust. This aim is realised through adherence to a defensible application methodology, promoting consistency in application contents, and following a uniform consideration workflow for assessment, review, and approval of applications.

## Application Methodology

In theory, a variety of processes by which potential funding recipients will be able to access a grant project can defensibly be followed, involving open-competitive, targeted or restricted rounds; non-competitive open or closed processes; demand-driven threshold processes; or ad-hoc determinations.[[8]](#footnote-8) Notwithstanding, the application methodology most appropriate for the scope of the grants work of NTCS adheres to what might be referred to as a ‘non-competitive, open funding round process’. Under this methodology:

Applications are able to be submitted at any time within the nominated grant project period, and are assessed only on their individual merits against specified selection criteria.

Considering each application on a ‘first-come, first served’ basis:

* Rewards ESPs who are administratively organised (and hence likely to be sound);
* Allows ESPs flexibility to submit applications based on their capacity and readiness;
* Assists the agency to achieve service delivery with minimum delay;
* Allows the agency to distribute its grants work evenly and avoid creating gluts, which in turn enables staff to achieve better quality assurance in the consideration of applications; and
* Places great weight on ensuring that applicants fully satisfy grants selection criteria, rather than being selected when they are only satisfactory relative to others.

Instances may nevertheless arise where the agency wishes to consider applications with respect to the comparative merits of other applications for the same project. This is still a valid method, and can be desirable at times for practical purposes. The best manner in which to effect this methodology is however, to curtail the period within which applications may be submitted – which ensures that they are received contemporaneously. In all cases though, care must be taken to consider applications in an equally timely and consistent way.

## Application Contents

ESPs must submit applications containing sufficient information to allow for informed decision-making on the papers alone, and be aware that the onus resides with them to provide true and accurate submissions.

Whilst it is the responsibility of NTCS to ensure due diligence and obtain all information required to make proper assessments, verifying the accuracy and truthfulness of materials is a secondary responsibility. The primary responsibility of the agency is instead, to promote consistency by clearly articulating what information should be submitted, and how that information will be treated. Accordingly, staff should take care to handle applications in accordance with the *Information Act* 2002 (NT), and utilise standardised application forms and templates whenever possible.

### ESP Details

ESPs should provide the following administrative details on an application, to identify their organisational status:

* Legal Name – the name that identifies the ESP for legal, administrative and other official purposes;
* Trading Name – the name used by the ESP for commercial trading, publicity and provision of services, which may differ from their legal name;
* Organisational Class – the type of organisation the ESP is, which determines the legal and administrative framework to which it is accountable;
* Identification Numbers – these may include their incorporation number, ACNC, ABN, ACN, ARBN, NTG vendor identification number (vendor ID), or other similar identifiers;
* Head Office Address – the registered place of business for the ESP;
* Postal Address – the address to which correspondence should be directed;
* Contact Details – the name, position, phone and email contact for an authorised representative of the ESP; and
* GST Registration Status – the taxation status of the organisation, which determines whether payments are subject to, or exempt from GST.[[9]](#footnote-9)

### Affiliated Entities

Whilst NTCS will not enter into contractual relationships with consortiums, ESPs may, acting as a primary contracting party, wish to auspice, partner, or subcontract with other organisations or individuals to deliver services. In such cases, ESPs should identify the legal name, contact details, and street address of all entities they intend to affiliate with; the agency has a responsibility to obtain these details and be apprised of all parties with whom it may become involved.

### Financial Information

ESPs should fully and faithfully provide financial details, by financial year, itemising:

* All cash and in kind income they will, or expect to receive from sources other than NTCS which are relevant to their application for funding;
* All recurrent, non-recurrent and asset purchase expenses they expect to incur to deliver services, events and/or activities for the grant project; and
* All recurrent, non-recurrent and asset purchase funding being requested to deliver the services, events and/or activities for the grant project.

Numerical information should be submitted in accordance with SCOA categorisations, and accompanied by written descriptions or explanations for each source of income, anticipated expense, and line item of requested funding. ESPs should also clearly specify the date range for which they are seeking funding; these dates must fall within the project start and end date.

### Service Locations

Details for each office or place from which services will be administered, as well as the actual locations where services, events or activities will be provided, should be supplied by the ESP. In relation to the former, ESPs should specify the office name, street address, and operating hours of each office to provide an indication of their administrative capacity. Regarding the latter, actual service locations should be described in line with NTG Land and Information Services standard classifications for regions, sub-regions, and suburbs/localities.

### Capacity, Needs and Risks

ESPs should describe their capacity to achieve the required objectives of the grant project with regard to the:

* Target groups of people the project is seeking to assist;
* Target issues the project is seeking to address;
* Outcomes the ESP will be expected to achieve;
* Outputs the ESP will be expected to deliver; and
* Selection criteria against which applications will be assessed.

Additionally, ESPs should draw attention to anything non-financial they will need to achieve the required objectives of the grant project, and any known risk factors or dependencies associated with providing the proposed services, events and/or activities.

### Other Documents

Checklist documents requested by NTCS in the SOR should be supplied by the ESP at the time of application submission, in order to ensure completeness and allow the agency to make informed decisions on the merits of the papers alone. The agency should endeavour to reduce the administrative burden on ESPs by retaining all checklist documents which have been submitted with previous grant applications. ESPs must indicate if NTCS should already possess such documents, but also resubmit them in the event that they are out of date or have been superseded. Additional supporting documentation may also be provided by the ESP to highlight any extra matters they wish to draw to the attention of the assessors of their application.

## Application Appraisal

Applications must be considered systematically, and be independently assessed, reviewed, and where appropriate approved, by persons with appropriate administrative delegation to participate in the application consideration process. Those persons adjudicating should consider the merits of an application based on the selection criteria for NTCS grants, and determine the quantum and period of funding to be recommended, and volume, type, and frequency of reporting requirements, proportional to any risks involved.

Agency staff should ordinarily adhere to a uniform workflow for appraisal, irrespective of the particulars of an application. Where there is a departure from the common approved process, the reasons should be documented. Likewise, appraisers should document when referring to, or relying upon, knowledge or documentation other than that which has been submitted by the ESP. At the conclusion of the consideration process, ESPs should be notified if their application has been denied, and if so why, or alternatively if their application has been approved to progress to contract drafting.

### Role Allocation

Proper internal control and accountability arrangements dictate that no single person should appraise an application from end-to-end; the risk of mistakes and misjudgements and even fraud can arise when applications are not independently examined by more than one party. Thus the workflow to be followed by NTCS in considering applications is as follows:

* Assessment – a first examination of the application by one or more Assessors (ASR), culminating in recommendations regarding what level of risk is involved, how well the application satisfies selection criteria, and whether the application should be approved (and if so, for what period and what quantum of funding by type);
* Review – a secondary examination conducted independently, but with knowledge of the assessment recommendations, by a Reviewer (REV) who may or may not be a superior officer of the ASR, culminating in a second set of recommendations; and
* Approval – a final appraisal of both the ASR recommendations, and REV recommendations, conducted by a Delegate (DEL) with sufficient financial delegation to undertake the appraisal, culminating in a decision to either disapprove the application, seek revisions to the period, quantum and type of funding, or approve the application to proceed to contract drafting.

The aim in following a workflow involving a clear separation of duties is to ensure good internal controls, but also distribute grants tasks amongst staff, bearing in mind differing levels of operational acumen, available time, levels of managerial responsibility, and decision-making authority. Regarding revisions, in the interests of probity, the DEL may not overwrite the actual appraisals of the ASR and REV. They may however, based on their superior position, level of delegation, experience, and knowledge of the agency, effectively overrule recommendations made by subordinate staff – given that the DEL is ultimately accountable for the decision to recommend progression to a contract being offered to an ESP.

Note that an approval does not in and of itself, result in the immediate release of funds – it is purely a commitment to expenditure. A contractual offer must be made to the applicant ESP, which if accepted, and then executed, creates a legally binding obligation to disburse grant funding (this reference legally binds this department to release payments to ESPs as per Schedule of Milestones without first seeking approval to release from the program areas). Nevertheless, it is imperative that a DEL holds the requisite delegation to make the in-principle commitment.

Levels of delegation are determined by the agency and may be periodically reviewed and revised.[[10]](#footnote-10) As such, it is incumbent upon staff to stay apprised of changes. Internal delegations also specify who is authorised to actually sign and execute a contract with an ESP. A contract signatory may be the DEL, or may, depending on NTCS protocols, be another superior member of the agency.

### Selection Criteria

To appraise applications fairly and consistently, and ensure the agency has a defensible basis for selecting grant recipients, it is important that selection criteria are predetermined, published, and uniformly applied. For NTCS, all grant applications are considered against four equally-weighted, overarching criteria:

1. Capacity to deliver – whether an ESP has the capability and experience to achieve some or all of the objectives of the project.
2. Ability to meet project priorities – how well the service, event or activity meets the priorities of the grant project, and will address the target issue/s.
3. Ability to meet community needs – how well the service, event or activity meets the needs of the community and will make a difference to the target group/s.
4. Value for money – whether the cost of the service, event or activity represents fair expenditure, relative to the outputs and outcomes to be delivered.

Using these broad but uniform criteria allows appraisers to consider a range of subordinate issues that may be relevant for a given project or application. Overall though, appraisers should be mindful of whether an application, if approved, will provide ‘added value’ by achieving something worthwhile that would not otherwise occur without the assistance of an NTCS grant.

The ASR and REV of an application apply the criteria by providing a score and rationale against each, based on the totality of the application content submitted. The scoring methodology utilises a defined numerical (and not ordinal) rating scale, so as to allow for rational differentiation between applications based on their merit with respect to the selection criteria. Numerical assessment at this stage also enables quantitative evaluation of performance over the life of a Funding Contract, by providing a starting point for ongoing calculations.

### Risk Evaluation

Identifying what risks are associated with an application is a critical task in the appraisal process. Some risks can be adequately mitigated during the establishment of the grant project through careful planning and design, however others require consideration at the application appraisal stage, bearing in mind the particulars of an ESP’s submission. Risks may non-exhaustively include:

* Potential legal risks, including the likelihood of personal injury, property damage, or defamation, or breach of legislation, contract, or intellectual property rights resulting from performance of services by an ESP; and
* Non-legal risks such as financial loss and reputational damage to NTCS, arising from inadequate, late or incomplete performance of services by an ESP.

The ASR and REV of an application should consider the totality of an ESP’s submission in evaluating whether a potential engagement would involve low, medium, high, or extreme risk to NTCS.[[11]](#footnote-11) This risk evaluation will then determine the base reporting and acquittal requirements for a grant Funding Contract, based on the principle of proportionality.

Proportionality in relation to grants administration involves striking an appropriate balance between the complexity of a grant activity, and the risks involved for beneficiaries and NTCS. Accordingly, when evaluating the risk associated with an application, agency staff should non-exhaustively be mindful of:

* The capabilities, limitations and viability of an ESP;
* The agency’s own need for robust and accountable processes;
* The policy objectives the grant is intended to achieve;
* The nature and type of deliverables; and
* The value and duration of the grant.

### Funding Recommendations

Value for money is not achieved by avoiding expenditure but rather, by spending funds wisely and judiciously. Recommendations for funding should therefore:

* Be commensurate with the duration of the services, events or activities to be provided, and always fall within the project funding dates;
* Consider all cash and in kind *income* the ESP expects to receive from sources other than NTCS which are relevant to their application for funding;
* Consider all recurrent, non-recurrent and asset purchase *expenses* the ESP expects to incur to deliver services, events and/or activities for the grant project; and
* Consider all recurrent, non-recurrent and asset purchase *funding being* *requested* by the ESP to deliver the services, events and/or activities for the grant project.

Once all of these factors have been considered, the agency is in a position to recommend exactly what funding should be offered to an ESP; this may be all of what they have requested or a lesser sum – but not a greater amount. Care should be taken to ensure that any funding recommended is also within the current means of NTCS; other Funding Contracts may already be operating under the same project and resources committed as a result.

An overarching consideration should be whether the grant activity could proceed or continue, in the manner and timeframe required by the agency, without financial assistance – this may be the case if the ratio of income to requested funding is high. If so, it may not be correct to recommend funding at all; grant resources are likely be limited and should be awarded to ESPs who require, not just desire, funding to achieve their organisational aims. What constitutes a high leverage ratio will vary from project to project, but is always an important factor to consider, particularly when an ESP is receiving finance from multiple (government and/or private) sources. Recommending partial funding may alternatively be appropriate in these scenarios; it is the agency’s prerogative to offer funding at levels it determines are correct, whilst ESP’s may accept, reject or seek to renegotiate offers made to them.

### Terms and Conditions

Periodically revised standard terms and conditions should accompany, and be applied to all Funding Contracts, given that NTCS grant activities are fundamentally subject to the same principles. These terms will cover generic contractual matters and establish the rights of the NTCS, to ensure the protection of its interests and those of the public. It is ordinarily undesirable to add additional special terms and conditions; these can create confusion, risks and inconsistencies if not carefully drafted. Nevertheless, if absolutely required, they can be added, provided they are confirmed to be legally sound for inclusion on a Funding Contract.

# Administration of Funding Contracts

After a grant application is approved, it progresses to contract drafting and a contract offer. If the recipient accepts the offer it can be executed as a Funding Contract – and it is only at this stage that a binding contractual commitment is created for an ESP to provide services, events and/or activities in return for the award of agreed grant funding. Thereafter, the Funding Contract requires ongoing administration by NTCS, involving payments, monitoring, milestones, financial acquittal, performance reporting, and lastly, completion. These tasks require consistency in process to ensure that best practice in grants administration is achieved.

## Contract Drafting and Execution

A draft funding contract should be clear, unambiguous and complete before being offered to an ESP, and must be validly executed as an enforceable Funding Contract before the commencement of service delivery by an ESP or issuance of any payment by NTCS.

### Form of Contracts

In principle, grant agreements may legitimately take different forms, and be expressed as a deed, exchange of letters, or contract. Notwithstanding, all NTCS grant agreements are constructed as standardised Funding Contracts, with the intention that all obligations will be enforceable and contractual remedies available for breach. Standard forms of agreement greatly simplify administration, ease confusion and reduce administrative and compliance costs.

### Execution Process

A Principal Grant Officer (PGO) should ensure that a Funding Contract is well drafted, unambiguous and complete before it is offered to an ESP. Upon its return, the PGO should likewise confirm that it has been validly signed before submitting it to an NTCS officer who holds the requisite delegation to sign and execute a Funding Contract. To reiterate, this contract signatory may be the DEL for the project, or another superior staff member.

A recipient ESP may of course, choose to reject an offer that has been made to them or ask for altered terms. The latter scenario can be accommodated in practice but bear in mind that in principle, a grant is an arrangement for the provision of financial assistance on such terms and conditions as *unilaterally* determined by the agency. Thus whilst NTCS should seek to work constructively with an ESP, it is not obliged to renegotiate an offer – especially one which will by now have been thoroughly assessed and reviewed prior to being approved and offered. Rather, the onus resides with the NTCS to ensure that the Funding Contract confirms the respective obligations of both parties and contains appropriate controls and accountability mechanisms to ensure that funds will be utilised for their intended purpose.

### Contract Variations

Once executed, Funding Contracts should be honoured in their unaltered form, until such time as they expire or are terminated. Variations to a grant contract are permissible in principle, however NTCS practice is to avoid them in order to maintain a clear relationship between a project, an application, the comprehensive and staged consideration process, and clearly defined times and parameter within which services are expected to be delivered.[[12]](#footnote-12)

Variations can also pose problems for ongoing performance evaluation, bearing in mind that services under the initial contract may differ from requirements and objectives to be achieved under an extension. Thus, where additional services are required, the preferable solution is to offer an ESP a fresh contract, with new and separately defined deliverables and attendant funding commitments.

As a word of caution, NTCS officials should be careful not to make statements (orally, via email or formal correspondence) to an ESP that are inconsistent with the agency’s rights in the Funding Contract. Doing so may inadvertently vary a Funding Contract, estop (prevent) the NTG relying on its terms, or constitute a waiver of legal rights.

## Payments

Payments should never be issued to an ESP prior to the execution of a Funding Contract, or when an ESP is non-compliant with its milestone acquittal tasks. Recurrent payments should be made in instalments and non-recurrent or asset payments via a request for release at the time that they are required.

NTCS can be exposed to significant liability if payments are made to an ESP that is uncontracted at the time of service delivery, or non-compliant with its deliverables once contracted. As such, it is incumbent on operational staff to monitor ESP compliance with milestone acquittal tasks, and ensure that NTCS administrative staff responsible for disbursing payments are informed when an ESP is non-compliant.

### Recurrent Funding

Provided an ESP remains compliant with its milestone acquittal tasks, recurrent payments should be made in regular instalments from the start date of the Funding Contract. The capacity of NTCS to influence service delivery diminishes when a grant is substantially or fully disbursed up-front. It is therefore most prudent to issue payments in instalments, and on a frequency which allow an ESP sufficient start-up funding and regular income thereafter, but also prevents an unnecessarily onerous burden on NTCS administrative resources. Payment in instalments also minimises the risk of fraud and agency exposure, and maintains a nexus between recurrent payments, compliance, and delivery of services.

### Non-recurrent and Asset Funding

Non-recurrent and asset funding should be treated differently to recurrent funding, being that it is usually used for specific (non-operational) purposes. Whilst the commitment to funding is made at the execution of the Funding Contract, the actual time of disbursement can be controlled by the agency. An ESP therefore requests release of line items when required, allowing NTCS to determine when actual issuance of a payment is warranted – a further process which minimises agency risk.

### Withholding Payments

Where an ESP breaches the terms and conditions of its Funding Contract, the principal remedial action is to withhold future recurrent payments and release of non-recurrent and asset funding. Most commonly, this will occur when an ESP is non-compliant with its milestone acquittal tasks. Since withholding payments is essentially an undesirable outcome for both parties, requiring defensive administration, NTCS should endeavour to positively monitor ESPs, and assist them to fulfil their obligations vis-à-vis acquittals in particular.

Once an ESP becomes compliant again, any withheld funds should be released. Payments should not be punitively withheld once compliance is re-established, nor on the basis that previous payments have not been fully expended; recovery of surplus funding is dealt with at the time of contract completion. Gross and repeated non-compliance, or breach of contract is however a separate matter – this may give rise to invoking contract termination rather than simply temporary withholding of payments.

## Monitoring

Monitoring must occur over the entire duration of a Funding Contract, to ensure the ESP is satisfactorily acquitting their milestones and delivering services, events and/or activities in accordance with the terms of their engagement.

An ongoing monitoring regime is integral to the success of a grant project. Responsibility for monitoring individual Funding Contracts should reside with operational staff with subject matter expertise, rather than general administrative staff. In this way, monitoring schemes are more likely to be positive and purposeful rather than a bureaucratic burden for either the agency or recipient.

### Milestone Acquittal Tasks

Monitoring is given practical effect through the stipulation and acquittal of milestone tasks. The type and frequency of these tasks is determined proportional to the risks involved and policy outcomes being sought under the grant project. Thus in deciding what tasks to attach to a Funding Contract, a balance should be achieved between the amount of information requested (for due diligence), the associated costs to an ESP of collecting and reporting this information, and the administrative cost to NTCS to assess the material.

The base reporting and acquittal requirements for a Funding Contract will be dictated by the risk level associated with the enterprise. These tasks will generally include meetings with NTCS, and submission of financial acquittal statements and performance reports containing data to be used as part of the continuous process of evaluation. Additionally however, agency staff should determine the type and frequency of extra milestone reporting requirements that are relevant to the particulars of the grant activity. These may non-exhaustively include submission of audited financial statements, accreditation certificates, photographic evidence, risk management plans, post-implementation completion reports, and other documentary evidence.

In all cases, full records should be maintained of materials submitted by an ESP, and the corresponding NTCS adjudication of whether the information supplied has been sufficient to acquit the milestone. File notes and minutes of meetings between the parties should likewise be stored for reference alongside these documents.

### Financial Acquittal

Financial Acquittal Statements (FAS) must be provided by an ESP on a reasonable frequency corresponding with the risk associated with the grant activity and its payment schedule. NTCS employs a common FAS form, based on the SCOA accounting methodology, to ensure it receives consistent, comparable, and standardised financial data. This form aims to assist ESPs by providing them with a consistent template for financial reporting, aligned to the level at which they both requested and received funding.

NTCS must ensure that its monitoring staff are sufficiently skilled to understand and review a FAS in a timely and proper manner. This does not represent an unrealistic demand, given the wide range of resource material available on using and understanding information in the SCOA format. Moreover, the obligation of the agency is to perform due diligence, not audit accounts, and the onus ultimately resides with an ESP to faithfully supply true and accurate information.

Audited financial statements (AFS) certified by a qualified accountant[[13]](#footnote-13) who is not an officer, employee or member of the ESP can be expensive and burdensome to produce. Hence, when determining extra milestones, NTCS should consider whether an AFS is required based on the level of risk involved in the particular grant activity. They may be superfluous to needs when an ESP diligently submits its FAS, and in some situations are not appropriate to be requested at all.[[14]](#footnote-14)

### Performance Reporting

Performance reports must be submitted by an ESP on a similar basis to a FAS. These reports provide useful information upon which to base future decisions for designing, continuing or concluding grant activities, and contribute to maintaining accountability for the agency. Critically however, these reports must request appropriately targeted information to allow NTCS to draw well-informed conclusions. Submissions must capture:

* *Output* data – to quantifiably reveal the extent to which an ESP is achieving its operational targets to date; and
* *Outcomes* data – to qualitatively reveal how well an ESP is achieving the objectives of the grant project.

To appraise performance reports, staff must consider results to date against the four equally-weighted, overarching criteria for NTCS grants: capacity to deliver, ability to meet project priorities, ability to meet community needs, and value for money. Being mindful of whether the service is providing ‘added value’, they should then apply the criteria by providing a new score and rationale against each, based on the totality of the report contents. Maintaining this methodology enables ongoing quantitative evaluation of performance over the life of a Funding Contract, and qualitative evaluation against predetermined standards – which cumulatively reveals the degree to which the grant activity is achieving its intended aims.

## Completion

All Funding Contracts should undergo a process of completion upon expiry or termination, involving recovery of surplus funding, and final evaluation of performance.

An important but often neglected part of grants administration is the completion process. Because significant periods of time may have elapsed since the start of a grant activity, it is easy to forget that the Funding Contract must be concluded and evaluated. This process is however, crucial towards informing the design of subsequent grant projects, and ascertaining how the agency’s strategic intent can best be effected in the future.

### Contract Expiry

A Funding Contract may reach its natural conclusion when it expires for either time, complete delivery of services, or disbursement and acquittal of all funding. When any of these scenarios occur, NTCS should seek to conclude proceedings by obtaining any outstanding milestone information, and informing an ESP if it is liable for any unacquitted funds which have been disbursed to it by the agency.

### Contract Termination

Contract termination may occur at any time over the life of the Funding Contract, and will usually occur for significant breaches or levels of non-performance. Because of the range of ramifications associated with termination, before initiating proceedings NTCS must:

* Revisit if the grant arrangement can be made viable by any means;
* Consider alternatives and the possible consequences of termination; and
* Seek legal advice to manage the process if it is still deemed necessary.

Termination rights will be expressed in the standard terms and conditions of funding. Nevertheless, implementation of these provisions should always be effected by the legal arm of NTCS, and not operational or administrative staff in the first instance. Insofar as is possible, NTCS grants staff should confine their involvement to only obtaining outstanding milestone acquittal information.

### Repayment of Funding

An ESP is obliged to periodically submit its FAS to evidence that it has expended funds provided to it by the agency. Where the sum of all payments disbursed is greater than the total of the sum of that which has been reported to be acquitted (from data collated across all FAS), a debt may be incurred. This amount (including GST) is repayable to NTCS.

On completion, the agency should notify and invoice an ESP for any outstanding amounts. After the debt has been repaid in full to the NTG, the Funding Contract can be considered to be completed. Additionally, note that:

* ESPs should be afforded the opportunity to submit a final FAS, if they wish to contest the quantum of their debt;
* Residual funding must not be ‘rolled over’ to another Funding Contract or NTCS activity, but rather recouped and then if desired, reallocated following proper process;
* NTCS is not financially liable for ESP overspends in providing services; and
* Debts may not be waived without the express approval of the Chief Executive Officer.

# Evaluation of Performance

Evaluating the overall performance of a grant project, and the performance of each individual Funding Contract and ESP involved under a project, is the final stage in the end-to-end grants process. Data collected through ESP performance reporting over the duration of a grant activity allows for periodic, as well as post-completion performance evaluation. These evaluations are an important part of achieving best practice in grants administration, as they contribute to informing future decisions on how grants should be used to promote the policy objectives and strategic intent of NTCS.

## Data Classification

Reliable measurement of performance requires the collection of basic data, identification of objectives that are distinct and measurable, development of meaningful outcome indicators, and establishment of baselines against which progress can be monitored.

A direct link should be made between planning and design at the outset, and the final review of grant activities. Accordingly, the agency should develop, maintain, and use codesets of information to classify the outcomes and objectives it seeks into measurable service outputs. These output classifications should remain relatively constant to allow for ongoing analysis and comparison within projects and across Funding Contracts.

Baselines for performance evaluation of Funding Contracts are obtained from the initial assessment of applications. These scores can be validly used as a reference point for comparison against subsequent, corresponding appraisals of periodic performance data by NTCS.

Bear in mind that there is a difference between performance data, and administrative data. Both sets of information are informative to the agency, but they should not be conflated when conducting evaluations of performance. The size or number of Funding Contracts awarded under a grant project is for example, simply a measure of administrative activity, and does not necessarily correlate to the success of a grants program.

## Performance Data Collection

Output and outcomes data should be collected from an ESP over the life of a Funding Contract. All data should be acquired in a consistent format and be quantifiable, to allow for further analysis and reporting as required.

Performance evaluations will only be as reliable as the data that they are reliant upon. Accordingly, data collected through ESP performance reports should be validated by the agency insofar as is possible – notwithstanding an ESP’s obligation to report accurately. This can be achieved through the monitoring process generally, and more specifically by maintaining clear and regular dialogue with an ESP regarding its activities.

Special attention should be given to structuring databases. These should systematically collate performance data, allow for thorough reporting, and provide the capacity to conduct rigorous statistical analysis if required. Electronic databases should be housed in secure, protected and backed-up environments, and accessible only to staff with appropriate clearances. Hardcopy records should also be retained, for security and audit considerations.

## Performance Data Analysis

Performance analysis must be conducted using realised data and a consistent methodology with transparent assumptions.

Care should be taken to ensure evaluations are informed by analysis of actually delivered outputs and demonstrated outcomes, as advised by an ESP through its milestone acquittal framework. Whilst forecast data may be useful during the project establishment and application appraisal stages, it is inappropriate for use in actual performance evaluation.

Maintaining methodological consistency in analysing data is a key to producing meaningful evaluations which assess the impact, efficiency or effectiveness of an entire grant project or specific Funding Contracts. NTCS methodology for evaluation is simple but robust, and predicated on the assumptions that:

* All four selection/performance criteria are equally significant;
* All performance periods during a Funding Contract are equally significant;
* All Funding Contracts are equally significant to determining the success of a grant project;
* All individual classes of outputs are equally significant in a Funding Contract; and
* Quantitative delivery of outputs is equally important to qualitative achievement of outcomes.

This methodology may be weighted from time to time to place greater emphasis on one or more variables, depending on the strategic intent of NTCS. Changes should however, be made transparently and uniformly across a grant project, or indeed the whole grants program of the agency.

## Estimating Added Value

When attempting to estimate added value, consider the extent to which benefits obtained have been offset by costs incurred elsewhere (displacement); have replaced benefits achieved by other means (substitution); have expanded, transferred or reduced production, and increased or decreased productivity; are likely to be sustainable; and might have been obtained on the same scale and timeframe without the award of the grant funding.

Ultimately establishing the degree to which a grant activity has produced ‘added value’ is a much more complex and subjective task than performing an empirical evaluation based on outputs and outcomes performance report data. Complex statistical analysis may be employed, but can be administratively burdensome to effect when staff are not technically skilled to utilise these techniques. Accordingly, when attempting to estimate added value, it will normally be more practical to generally consider the aforementioned factors.

These considerations are of course, highly subjective. Nevertheless, they should be reflected upon at the conclusion of a grants project in particular, to inform and improve the design and implementation of future NTCS grant initiatives. ■

# Further Reading

A wide range of information considering best practice in relation to grants funding and administration is available for further reference. Users may wish to consult with some of the following publications for additional guidance.

Attorney-General’s Department (2013) *Indigenous Justice Program Guidelines 2012-13 2013-2014.* Commonwealth of Australia, Canberra.

Australian Government Solicitor (2013) “*Commonwealth Grants: An Overview of Legal Issues.* Legal Briefing No 99. Australian Government Solicitor, Canberra.

Australian National Audit Office (2002) *Administration of Grants: Better Practice Guide.* Commonwealth of Australia, Canberra.

Australian National Audit Office (2010) *Implementing Better Practice: Grants Administration.* Commonwealth of Australia, Canberra.

Department of Finance and Deregulation (2011) *National Standard Chart of Accounts for Reporting by Not-for-profit Organisations.* Finance Circular 2011/03. Commonwealth of Australia, Canberra.

Department of Finance and Deregulation (2013) *Australian Government Grants: Briefing and Reporting.* Finance Circular 2013/02. Commonwealth of Australia, Canberra.

Department of Finance and Deregulation (2013) *Commonwealth Grant Guidelines, 2nd edition.* Financial Management Guidance No. 3. Commonwealth of Australia, Canberra.

Department of Finance and Deregulation (2013) *Grants, Procurements and other Financial Arrangements.* Finance Circular No. 2013/01. Commonwealth of Australia, Canberra.

Grant, P. (2008) *Strategic Review of the Administration of Australian Government Grant Programs, 1st Review.* Commonwealth of Australia, Canberra.

Kelly, J. (2008) *Strategic Review of the Administration of Australian Government Grant Programs, 2nd Review.* Commonwealth of Australia, Canberra.

New South Wales Department of Health (2010) *NSW Health NGO Program Review Recommendations Report.* New South Wales Government, Sydney.

New South Wales Ministry of Health (2013) *Partnerships for Health: A Response to the Grants Management Improvement Program Taskforce Report.* New South Wales Government, Sydney.

Queensland Treasury and Trade (2012) *Financial Accountability Handbook, Volume 6: Grant Management.* Queensland Government, Brisbane.

Tasmania Department of Treasury and Finance (2005) *Best Practice Guide for the Administration of Grants, 3rd edition.* Tasmanian Government, Hobart.

1. The legal framework governing grants for agencies of the Commonwealth includes the *Financial Management and Accountability Act* 1997, *Financial Management and Accountability Regulations* 1997, *Federal Financial Relations Act* 2009, *Commonwealth Authorities and Companies Act* 1997, and *Privacy Act* 1988. Whilst the contents of these Commonwealth Acts and their subsidiary materials are instructive, they do not directly regulate grants issued by NTG agencies. [↑](#footnote-ref-1)
2. This Act draws much of its substance from the Commonwealth *Privacy Act* 1988. [↑](#footnote-ref-2)
3. These principles effectively mirror the Commonwealth’s National Privacy Principles established under the *Privacy Act* 1988 (Cth). [↑](#footnote-ref-3)
4. The SCOA is an agreed list of account classifications for use by all Australian governments in their dealings with Not-for-Profit Organisations (NFP). It itemises the names of account categories most likely to be required from NFPs to detail cash or accrual accounting information, and explains each in plain English. [↑](#footnote-ref-4)
5. Note that the Council of Australian Governments (COAG) resolved in April 2010 that agencies of the Commonwealth and all States and Territories should fully adopt usage of the SCOA from 1 July 2011. The aim of this agreement was to reduce the regulatory burden imposed on NFPs and improve public confidence in the NFP sector. [↑](#footnote-ref-5)
6. It is not necessary to conduct a formal gap analysis before establishing each grant project. Such analysis should be performed at the strategic level of the organisation instead, to determine optimal allocation and integration of resources, and the variance between business requirements and current capabilities vis-à-vis the NTCS grants program in totality. [↑](#footnote-ref-6)
7. Risk evaluation is discussed in further detail at 15.3, where it is of greater significance (in relation to considering the risks associated with issuing an ESP with a Funding Contract). [↑](#footnote-ref-7)
8. For a fuller discussion of these methodologies, see Australian National Audit Office (2010) *Implementing Better Practice: Grants Administration*. Commonwealth of Australia, Canberra. [↑](#footnote-ref-8)
9. NTCS is not required to capture account payment details from ESPs as this task is managed by other NTG agencies. Likewise, it is the responsibility of ESPs to maintain their vendor ID. [↑](#footnote-ref-9)
10. See *NTCS Delegations*, located on the Departmental Intranet, for current agency delegations. [↑](#footnote-ref-10)
11. See NTCS *Risk Management Plan and Toolkit 2013* for full details of the agency’s policy with respect to the establishment, identification, analysis, treatment and evaluation of risks. [↑](#footnote-ref-11)
12. Note that this policy extends only to variations of those components of a Funding Contract which would change the fundamental nature of the service an ESP been contracted to provide. NTCS reserves the right to unilaterally vary or update its standard terms and conditions of funding at any time, to accommodate changes in legislation, NTG-wide policy, and agency strategic intent. [↑](#footnote-ref-12)
13. For the purposes of the NTG, this is a person registered as a company auditor or public accountant in the NT, and a member of the Institute of Chartered Accountants in Australia or the Australian Society of Certified Practising Accountants. [↑](#footnote-ref-13)
14. Organisations regulated by the ACNC for example, should not be required to submit an AFS unless their granting activity is of a higher risk than their ordinary activities. [↑](#footnote-ref-14)