
FINANCE POLICIES

External Grants: Procurement & Management



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| Policy Number: | F12 |
| Relevant Delegation: | Not Applicable |
| Adoption Details: | 22 February 2016 |
| Last Review Details: | 25 November 2019 |

POLICY OBJECTIVE:

To provide parameters around procurement and management of external grant funding (funds coming into the Shire).

POLICY SCOPE:

This Policy applies to the application process, acceptance and ongoing administration of an external grant.

POLICY STATEMENT:

INTRODUCTION

External grant funding can provide a means for the Shire to fund responsibilities that general rate revenue may not be able to fund. Grant funding is generally seen as an attractive form of funding but there can be negative consequences. There is risk involved in not meeting all the grant requirements along with potentially committing the Shire to ongoing operational/maintenance requirements. It is imperative that the outcome of a grant is consistent with strategic priorities. Additional funding is not reason enough to pursue an external grant. The Shire needs to have appropriate processes and procedures to maximise benefits and minimise risks.

This policy needs to be read in conjunction with the Integrated Planning and Reporting (Planning) Policy (G17), the Financial Planning and Sustainability Policy (F11) and the Procurement Policy (F2).

PRINCIPLES

- (a) Grant funding produces an outcome that is aligned with the Shire's strategic objectives and align with Strategic documents such as the Strategic Community Plan and Long Term Financial Plan.
- (b) The benefits of receiving the grant outweigh the costs to the Shire, including whole of life costs.
- (c) Effective administration of the grant is undertaken.

PROVISIONS

1.0 STRATEGIC FIT

1.1 The Shire of York will actively scan the external grant funding environment to:

- (a) identify grant sources which are consistent with identified strategic direction.
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- (b) identify grant sources which may in part be relevant to strategic direction but have some provisions which may be inconsistent or be in some tension with identified direction.
 - (c) identify assumptions which would be built into the Long Term Financial Planning and strategic planning processes and the level of robustness.
 - (d) identify trends or emerging changes to external grants funding parameters which may have an impact on proposed programs or projects.

1.2 The Council will be provided with information on the trends identified under section 1.1 as part of budget and review cycles. Where a potential grant source under 1.1 (b) is identified, the Council will review the risks and benefits of pursuing that funding path and make a decision on whether it wishes to seek the relevant funding, after consideration of strategic and long term benefit.

1.3 Where changing trends in grants funding or cessation of a grant could have an impact on the Shire's financial position in the long term this must be reported as part of the Integrated Planning and Reporting review cycle.

2.0 ANALYSIS OF POTENTIAL GRANTS

2.1 Any analysis on whether to proceed with an application for funding will:

- (a) consider whether there needs to be matching funding by the Shire and/or in kind costs.
- (b) assess current resource allocation and capacity (financial, human resources etc.) and the capacity to manage the program or project over time. Note: if a new project has been identified in the Corporate Business Plan and the Long Term Financial Plan these documents should already include provision for on-going operational costs.
- (c) assess ongoing maintenance and asset renewal impacts to the Shire. Note: if a new project has been identified in the Corporate Business Plan and the Long Term Financial Plan these documents should already include provision for renewal and maintenance costs.
- (d) identify associated procurement requirements.
- (e) identify whether feasibility and design stages for a significant capital project have been completed.
- (f) consider audit and other associated close out costs.

2.2 Overall a cost/benefit analysis must ensure the benefits to the Shire outweigh the costs.

2.3 The terms and conditions of the grant must be fully understood and must be achievable.

3.0 DECISION TO PROCEED AND APPLICATION

3.1 Where a project has been identified in the Corporate Business Plan and the Long Term Financial Plan as proceeding if external funding is available and that funding has come available, a report will be prepared for Council which:

- sets out the funding analysis as set out under Clause 1.1.
- identifies whether the timing of the project is now achievable and what, if any, other projects need to be modified or pushed out to accommodate the project if funding is granted.
- provides a recommendation as to whether funding should be sought.

3.2 The Chief Executive Officer must approve all external grant application documentation.

4.0 GRANT ADMINISTRATION

- 4.1 A project plan and timeline will be established to ensure the grant is administered effectively and is compliant.
- 4.2 Where applicable, a new cost code should be established in the financial system to capture grant related expenditure. This should include a process to easily identify allowable and non-allowable costs.
- 4.3 The acquittal of the grant must be undertaken according to requirements to minimise risk of funds needing to be returned for non-compliance.

PENALTIES:

Not applicable.

KEY TERMS/DEFINITIONS:

Not applicable.

Responsible Officer: Executive Manager Corporate & Community Services
Contact Officer: Finance Manager
Relevant Legislation: Local Government Act 1995 – Part 6 Financial Management

Review History:

| Date Review Adopted: | Resolution Number |
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| Adopted – 22 February 2016 | 050216 |
| Reviewed – 24 October 2016 | 121016 |
| Reviewed – 25 November 2019 | 291119 |
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| Former Policy No: | G4.4 |