

## Conditions of Grant

### **INTRODUCTION:**

The Operational Guidelines AFOA Grant Program outlines the conditions under which the Australian Friends of Africa (AFOA) will offer grants to African Christian Communities who work in partnership with AFOA. Any organisation accepting a grant will be required to sign a Funding and Performance Agreement that evidences acceptance of and acknowledgment of mandatory compliance with all conditions specified in that Agreement. The Agreement will include the conditions of grant specified hereunder.

### **(A) GENERAL CONDITIONS:**

#### **1. Access**

1.1 Services and programs must be accessible to build social justice, community development and Christian outreach support in African communities.

#### **2. Status**

2.1 Each African community funded will be a not for profit organisation. incorporated or listed under the appropriate local or country laws in a form considered appropriate by AFOA.

2.2 Activities of the Organisation must be consistent with the guidelines of AFOA and information to confirm this will be available upon request from AFOA.

#### **3. Management and Review**

3.1 AFOA, in partnership with the local African church community, reserves the right to conduct a review/investigation of the relevant project where it considers there may have been mismanagement of the project/service and/or misappropriation of grant funds and/or other breach of the Funding and Performance Agreement and/or the agency has become bankrupt or insolvent, is wound up, or enters into a scheme of arrangement with its creditors.

3.2 The local African church community, in partnership with AFOA, shall support the service or project funded to make sure there is full access to the premises at which the project/service is conducted and shall make available to appointed person/s all personnel and records of the project/service which the African church community may lawfully disclose.

3.6 African church communities and AFOA will be required to disclose to the other if they come under investigation by a Government Department/ Statutory Authority for matters which relate materially to the funded project/service.

#### **4. Employment Policy for Funded Positions**

4.1 The organisation is to ensure that its employment policy complies with relevant legislation, policies and procedures of the local, regional and national government laws and regulations including:

4.2 All positions either fully or partially funded by AFOA must be adequately advertised to the local community when they become vacant (whether it is for replacement of existing staff or new staff) and acceptable selection procedures (in accordance with EEO principles) used to fill such

positions with the purpose of reducing poverty in the local community through the provision of employment and providing training to support community development and build the qualifications of local residents (temporary staff excluded).

## **5. Accreditation**

5.1 The African church community must be willing to participate in accreditation processes that develop with peer communities in their country or with other international community development organisations that offer similar program and projects in their country.

## **6. Accountability**

### **6.1 Records**

6.1.1 The African church community will ensure that adequate financial and operational records and registers are kept and maintained in relation to the operation of the project/service (Records must be retained for periods as specified under incorporation or other relevant legislation).

6.1.2 Upon the request of the AFOA, the African church community will make available the records (including computer records), books of account and documents relating to the funded project/service for inspection by an authorised representative of the AFOA (including the taking of such extracts and the making of such copies as the representative considers appropriate) and will afford all requisite assistance to the representative in carrying out the inspection and not take any action that would hinder this process. (see also Clause 3.2).

6.1.3 The African church community shall maintain an interest bearing account at an approved financial institution (ie, bank, building society or credit union with 100% security of deposits) to process all receipts and approved expenditures. The organisation must ensure that adequate internal financial controls are in place within the existing accounts for the identification of grant funding and expenditures. Interest earned is to be accounted for in the annual financial statement against the funded project/service.

6.1.4 The African church community will provide at least annually, such statistical, financial and program information on the operation of the project/service as is required (See Appendix 4 for Annual Program Report format) and outlined in the Funding and Performance Agreement.

### **6.2 Financial**

6.2.1 The African church community will provide at the end of the community's financial year, a full set of financial statements (showing current and prior year figures and preferably audited) for each funded project/service, to be forwarded to the AFOA within 3 months of the end of the community's financial year. These statements must clearly indicate all sources of assistance as separate income items and include a set of notes to the audited statements and a staff and salaries schedule.

6.2.2 African church communities receiving one off or non-recurrent grants only, will be required to submit an acquittance for the grant as per AFOA contract requirements. Communities receiving one off grants in addition to recurrent funding will be required to fully acquit the one off grants in the annual audit statements.

The African church community will ensure that any grant surplus, including any interest earned from the grant, is retained and utilised for the project for which the funding was provided or for a purpose which is jointly agreed with AFOA.

6.2.4 No arrangements or commitments in relation to the funded service shall be entered into which are incompatible or inconsistent with the purpose of the grant.

6.2.5 African church communities are to advise AFOA where projects/services have been inactive

for a period of 6 months or more.

6.2.10 The African church community will notify AFOA in writing in the event that assistance is approved at any time from another organisation, towards meeting the cost of the approved project/service to which the Funding and Performance Agreement relates.

## **7. Indemnity**

7.1 All personnel employed by the African church community in whatever capacity will be the sole responsibility of that organisation. The AFOA will not indemnify the grant holder in respect of such personnel for any act or claim resulting from such employment or in respect of any liability or claim arising from any act or omission of the community, its agents or employees. The African church community is not the agent of, nor does it represent the AFOA in any capacity whatsoever. Entering the Funding and Performance Agreement does not imply an agency relationship between the community and the AFOA.

The AFOA does not accept responsibility for any increased costs to the African church community which may arise directly or indirectly from the community's activities.

## **8. Assets**

8.1 A register of assets purchased with grant funds is to be maintained by the African church community which clearly identifies date of purchase, opening and closing value and description of each asset. In the event of cessation of the project/service, the assets will remain the property of the African community.

## **10. Third Party Payments**

10.1 African church communities receiving grants will not pass on or reallocate grant funds (including interest earned on grant funds) to other organisations, ie third parties.

Examples of third party payments are: the payment of membership fees, levies, subscriptions, donations, direct payments or services in kind to organisations. This condition, however, does not refer to the purchase of goods and services, training, professional journals, payment for religious stipends (made in lieu of wages), fee for service payments, or out of pocket expenses paid to office bearers.

If an African church community is unsure as to whether a proposed payment is legitimate, it should contact AFOA to have the issue clarified.

## **11. General**

None at this stage.

### **(B) SPECIAL CONDITIONS:**

Special conditions, if applicable, will be advised to individual African church community in the Funding and Performance Agreement.

## **ACCOUNTING AND FINANCIAL RECORDS**

African church communities are required to maintain minimum organisational records (including accounting and financial records) under the various forms of incorporation legislation in order to enable the production of annual reports which facilitate both internal and external scrutiny of the organisation's yearly activities.

The AFOA has statutory obligations to ensure that accountability for the expenditure of funds is maintained to satisfactory standards. This applies to grants made under the AFOA Grant Program.

The AFOA Grant Program Operational Guidelines, General Conditions of Grant Section 6, outlines the expectation that all funded organisations maintain a complete set of accounting records and financial records.

Additional information on what accounting and financial records should be maintained is shown hereunder:

### Accounting Records

- \* Cash Book
- \* Bank Deposit Book
- \* Cheque Butts
- \* Petty Cash Book (kept on imprest system)
- \* Pre-numbered Official Receipt Book
- \* Monthly Bank Reconciliation of Cash Book
- \* Documentation of all Expenditure with evidence of approval (eg. Management Committee or Officers as authorised under the organisation's approved constitution)
- \* Wages Records/Time Sheets (where staff are employed)

The above may be encompassed in an adequate computerised accounting system.

### Financial Records

- \* Balance Sheet
- \* Profit & Loss Statement or Receipts and Payments
- \* Cash Flow Statement
- \* Assets/Inventory Register

### Audit Statement Pro forma

The AFOA requirements are that audit certificates are to comply with current Australian Auditing Standards. A sample format and scope of an audit statement acceptable is set out hereunder in order to assist to fulfil the accountability requirements. In the event that an audit is qualified a written explanation on strategies/actions to address the deficiencies should be provided as part of the audit.

## **SAMPLE**

### **INDEPENDENT AUDIT REPORT**

To (addressee)

#### SCOPE

We have audited the financial report of ..... for the year ended 30 June ..... as set out on pages ..... to ..... The (members of the governing body) are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to (addressee)

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and relevant statutory and other requirements so as to present a view which is consistent with our understanding of the (entity's) financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

#### AUDIT OPINION

Unqualified

In our opinion, the financial report presents fairly, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Funding and Performance Agreement with the AFOA, the financial position of ..... as at 30 June ..... and the results of its operations and its cash flows for the year then ended.

Audit Certification may also include other Opinion wording for:

Additional disclosure - (Reference to a deficiency, failure or shortcoming in fulfilling the conditions specified in the Funding and Performance Agreement with AFOA)

Qualified Audit Opinion - (Details of qualification or adverse opinion)

Date  
Address

Firm  
Partner

**CERTIFICATION BY ORGANISATION OFFICE BEARERS**

Certificate by the President and Treasurer or Secretary in respect of funded organisations.

We,.....

and.....

hereby certify that the information contained in the books, financial records and financial reports

of.....

present the truth, fairness and accuracy of the accounts including the notes to the accounts of the organisation as at .....

We are satisfied that:

- a) An amount equal to the total grant paid has been expended on the approved project/service according to conditions specified in the Funding and Performance Agreement with AFOA.
- b) Establishment of all reserves and provisions is justified/recorded in the minutes and represents funds set aside for: (detail)  
.....
- c) A full and complete set of accounting and financial records has been maintained.

Signature..... Date .....  
(President)

Signature ..... Date .....  
(Treasurer/Secretary)

## **ADDITIONAL NOTES ATTACHING TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

These notes may be completed by the organisation or the auditor and should include:

- Note 1            Statement of accounting policies: (Specify) eg accounts have been prepared on the basis of historical cost and accrual accounting or cash accounting (Accountants can provide this information, if unsure).
- Note 2            Staff & Salaries Schedule: Includes information on: funded positions, qualifications, award, step/grade, average hours worked, salary rate, total salary paid, salary packaging/sacrifice, balance of untaken annual leave, years of service for LSL purposes and funding of leave provisions.
- Note 3            Payment to Associated persons, bodies, or groups: (Specify)  
AFOA funds are not to be reallocated to other Organisations or to peak bodies (this does not include the purchase of goods or Fee for Service payments). Certification that any such payments identified were not made using grant funds is to be provided.
- Note 4            Equipment: Expenditure on equipment/ furniture/motor vehicles may be either shown on I & E Statement or Balance Sheet and include items over \$500. A copy of the asset register identifying all assets purchased with Health funds is to be provided annually (see definition in General Condition 8.1).
- Note 5            Insurances: Statement that policies are current and adequate cover exists for workers compensation, public liability, fire, motor vehicle etc.
- Note 6            Rent: State to whom rent is paid (Paid to:.....).
- Note 7            Repairs and Maintenance: (Details of items over \$500 are to be provided).
- Note 8            Donations Expenditure: (Specify amount paid out and to whom?) Certification that any such payments identified were not made using grant funds is to be provided.
- Note 9            Capital grants received: (Specify Grant or, amount and purpose of grant.)
- Note 10           Provisions: Identify each provision (ensure that provisions fund current liabilities) - Details of A/L and LSL provisions are to be included on Staff & Salaries Schedule (see Note 2).
- Note 11           Loans: (Specify mortgagor, principle and interest rate on loan.)  
NB. Grant funds are not to be used to service loans unless a specific formal approval exists.
- Note 12           Reserves: (Specify amount and reason for creating reserves.)
- Other Notes    (Please include any other relevant information)

# ANNUAL FINANCIAL STATEMENT

Name of African church community: .....

Name of Project/Service: .....

Income and Expenditure Statement for the Year Ended: .....

Previous Year	INCOME	Current Year
_____	AFOA Grant	_____
_____	Other Grants	_____
_____	Donations and Bequests	_____
_____	Interest Received	_____
_____	Fund Raising	_____
_____	Membership Fees	_____
_____	Other -	_____
_____	Other -	_____
_____	Other -	_____
_____	TOTAL	\$_____

## EXPENDITURE

_____	Salaries (Note 2)	_____
_____		Superannuation
_____	Payment to assoc persons, bodies, or groups (Note 3)	_____
_____	Equipment and Furniture (Note 4)	_____
_____	Printing / Stationery / Photocopying	_____
_____	Electricity/ Gas/ Heating	_____
_____	Audit/ Accountancy/ Legal Fees	_____
_____	Advertising/ Promotion/ Publicity	_____
_____	Insurances (Note 5)	_____
_____	Telephone/ Postal	_____
_____	Rates and Water Charges	_____
_____	Rent (Note 6)	_____
_____	Repairs and Maintenance (Note 7)	_____
_____	Donations Made (Note 8)	_____
_____	Books/ Journals/ Subscriptions	_____
_____	Provisions - LS Leave Entitlements (Note 10)	_____
_____	Provisions - Annual Leave Entitlements (Note 10)	_____
_____	Provisions for Depreciation (Note 10)	_____
_____	Bank Charges	_____
_____	Interest on Loans (Note 11)	_____
_____	Consumables/ Food	_____
_____	Costs of Fund Raising and Other Activities (specify)	_____
_____	Sundry Expenditure (specify amounts over \$100)	_____
_____	Travelling Costs (inc MV expenses)	_____
_____	Staff Training/ Conferences/ Seminars	_____
_____	Interpreter/Translation Expenses	_____
_____	Other - (specify)	_____
_____	Other -	_____
_____	TOTAL	\$_____

_____	Operating Surplus/Deficit	\$_____
_____	Add Extraordinary Items eg	_____
_____	Capital Grants Received	_____
_____	Insurance Recovery	_____
_____	Other (specify)	_____
_____		
	TOTAL	_____
_____	Less Transfer to Reserves (Note 12)	_____
_____	Addition/Reduction to Accumulated Funds	_____

# BALANCE SHEET

Name of African church community:.....

Name of Project/Service:.....

Balance as at:.....

Previous Year		Current Year
	Retained Earnings (Previous and Current Year)	
_____	General or Special Reserves (Note 12)	_____
_____	Accumulated Funds	_____
_____		
	TOTAL	_____
	Represented by -	
	Fixed assets (From Asset Register - at cost or net of depreciation - state):	
_____	Land and Buildings	_____
_____	Plant and Equipment	_____
_____	Furniture	_____
	Investments	
_____	Company Debentures (at cost)	_____
_____	Trustee Securities (at cost)	_____
_____	Long Term Deposits	_____
	Current Assets	
_____	Prepayments	_____
_____	Debtors	_____
_____	Accrued Interest	_____
_____	Short Term Deposits (at cost)	_____
_____	Petty Cash Float and Advances	_____
_____	Cash at Bank(s) (specify various accounts)	_____
_____	Other -(specify)	_____
_____		
	TOTAL	_____
	Less - Current Liabilities and Provisions	
_____	Creditors and Accruals	_____
_____	Loans (Note 11)	_____
_____	Grants/Subsidies Paid in Advance	_____
_____	Leave Provisions (Note 10)	_____
_____	Other -(specify)	_____
_____		
	TOTAL	_____
_____	Net Assets	TOTAL _____

Signatures:

.....  
Hon Secretary/President

.....  
Treasurer

**Acquittance for One Off Grants**

**EXPENDITURE STATEMENT**

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Year: ..... AFOA Grant provided: \$\_\_\_\_\_

I hereby certify that an amount of \$.....

has been expended by .....  
(Name of African church community)

On the approved project/service .....  
.....

and was spent in accordance with the terms and condition of the grant.

Name.....Signature.....

Designation/Title.....Date.....

(Chairperson/Treasurer etc.)

Please attach relevant supporting documentation such as quotes, invoices, receipts or other to verify the above expenditure (if audited statements showing the expenditure are available, these should be submitted).

NB Unspent funds at the conclusion of the approved project/purchase are to be returned to the AFOA as a matter of course.

FORWARDED TO:- (AFOA Address)