

Financial Accountability Handbook

Volume 6 – Grant Management

March 2024

The objective of Volume 6 is to achieve a whole-of-Government approach to grant program development and administration while maintaining some flexibility to suit an individual agency's specific grant program requirements.

The *Financial and Performance Management Standard 2019* requires agencies to have regard to the Handbook when establishing their internal control systems and processes. Agencies must comply with the contents of the Handbook when they apply to agency circumstances. Agencies will therefore need to be mindful of this requirement when establishing and implementing internal financial controls and operational processes.

Please note that Volume 6 relates to the management of grants and grant programs only, not the accounting of grants.

This Volume consists of the following Information Sheets:

Reference	Information Sheet Title	Date Issued
6.1	Information Sheet 6.1 – Definition and Framework	March 2024
6.2	Information Sheet 6.2 – Grant Program Design	March 2024
6.3	Information Sheet 6.3 – Grant Program Administration	March 2024
6.4	Information Sheet 6.4 – Grant Program Evaluation and Analysis	March 2024
6.5	Information Sheet 6.5 – Roles and Responsibilities of the Minister, Accountable Officer (or delegate) and Agency Staff	March 2024
6.6	Information Sheet 6.6 – Documentation Requirements of Grant Management	March 2024

Further information

If you have any questions concerning the Financial Accountability Handbook, please contact your Treasury Analyst in the first instance. Alternatively, email the Financial Management Helpdesk (fmhelpdesk@treasury.qld.gov.au) with details of your query and a response will be provided.

Information Sheet 6.1 – Definition and Framework¹

Introduction

Grants and other funding are provided by government to support the achievement of objectives consistent with government policy. Grants may be covered by legislation or regulation or be subject to Cabinet direction. Grant programs in Queensland may be diverse in their structure, purpose and risk, and range in their accountability requirements from highly complex to relatively simple.

As all Queensland government grant programs involve the use of public money, grant providers are accountable for funds allocated under various grant programs. Providers are required to meet various regulatory obligations contained in the *Financial Accountability Act 2009* (the FA Act), the *Financial and Performance Management Standard 2019* (the FPMS) and other applicable legislation.

This Information Sheet is intended to assist agencies in understanding the meaning of the term ‘grant’ and the grant management framework. It is not intended to replace specific agency administrative controls and policies contained within or complementary to its risk management systems, but rather to provide additional reference material to agencies to assist them in achieving grant program objectives in the most efficient, effective and economical manner.



Figure 1 Overview of Grant Management Process

¹ Please note that Volume 6 relates to the management of grants and grant programs only. For information regarding what constitutes a grant expense for accounting purposes, refer to [Financial Reporting Requirements for Queensland Government Agencies](#), FRR 3E Distinction between Grants and Procurement Expense.

Definition

A 'grant' is a generic term applied to funding or other incentives provided to individuals or bodies (including community groups, statutory bodies or commercial enterprises) that exhibit some, or all, of the following characteristics:

- a transfer to a recipient which may be in return for compliance with certain terms and conditions
- a transfer which may not directly give approximately equal value in return to the Government (that is, there is a non-exchange transaction or subsidisation), and
- a transfer where the recipient may have been selected on merit against a set of program-specific criteria.

Grants can be in the nature of incentives, donations, contributions, debts forgiven, rebates, tax relief and other similar funding arrangements, and may be in the form of cash or other property. However, in recognition of changing levels of demand for increasingly complex service types and emerging service delivery models, Government may also consider a variety of more innovative approaches to funding service delivery.

[Australian Accounting Standards](#) AASB 1058: *Income of Not-for-Profit Entities*, AASB 15: *Revenue from Contracts with Customers*, and AASB 120: *Accounting for Government Grants and Disclosure of Government Assistance* distinguish between not-for-profit and for-profit entities when accounting for grant revenue. This Volume makes no such distinction - the term 'grant' includes all grants provided irrespective of the not-for-profit/for-profit status of the recipient.

In the context of this Volume the term 'grant' **does not** include:

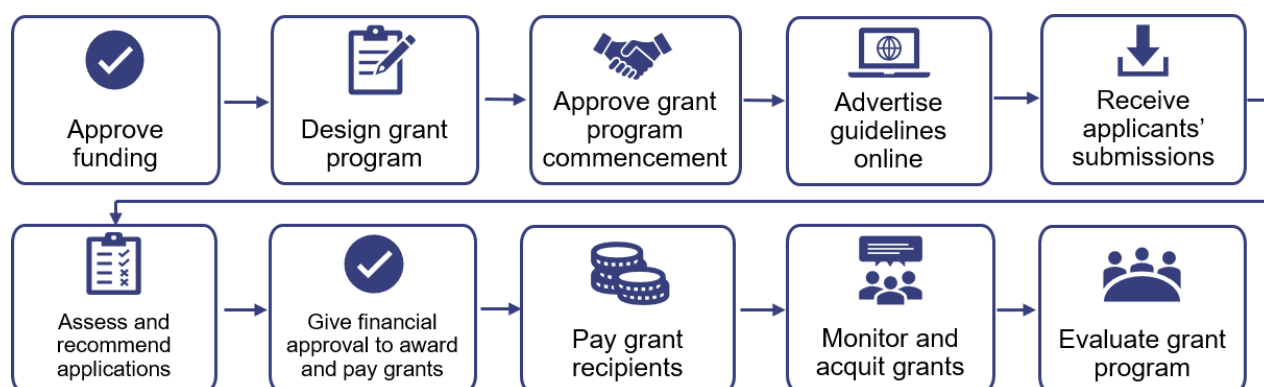
- funding activities relating to the provision of goods and services at substantially full cost
- funding administered by the State on behalf of the Commonwealth where an agency acts as a 'post-box' for the receipt and disbursement of funds (that is, there is no discretion at the State level in the allocation or disbursement of grant funds, or ongoing involvement or responsibility for monitoring grant outcomes)
- transfers of funds between State Government entities, unless a specific grant agreement is in place between agencies
- partnering² with other organisations, joint ventures, or contributors to cross-Government funded programs or projects, or
- special payments under section 15 of the FPMS.

In the context of this Volume, the term 'commencement or commence' **does not** imply application of the *Project Commencement Approval Policy* unless specially stated.

² Determination of partnership or joint venture may be determined by review of establishment documentation such as legal contracts or memorandums of understanding.

Grant management framework

Grant programs use a common set of broad management and operational processes, which are illustrated below:



Source: Queensland Audit Office – Information Brief: Sports Grant (September 2020)

Figure 2 Phases of the Grant Process

All processes should be considered and addressed in a grant program, though the order of the underlying processes may vary depending upon the size, scope and complexity of the grant program. These processes should be tailored specifically by the agency for its own circumstances and detailed in its agency grant management framework³. For example, a grant monitoring strategy may be developed during the ‘program development’ stage or the ‘grant monitoring and acquittals’ stage.

The remainder of Volume 6 has been divided into the following Information Sheets.

- [Information Sheet 6.2 – Grant Program Design](#): sets out the relationship between Government objectives and grant program objectives and outlines the processes to be undertaken in designing a grant program.
- [Information Sheet 6.3 – Grant Program Administration](#): sets out the processes to be undertaken following the approval of a grant program, such as application appraisal and ongoing recipient monitoring.
- [Information Sheet 6.4 – Grant Program Evaluation and Analysis](#): sets out the ongoing evaluation of the grant program to ensure it meets the program objectives.
- [Information Sheet 6.5 – Roles and Responsibilities of the Minister, Accountable Officer \(or delegate\) and Agency Staff](#): sets out the role of the Minister and the role of others involved in the grant management process.
- [Information Sheet 6.6 – Documentation Requirements of Grant Management](#): sets out the record keeping requirements including documentation of decisions, retention of records and compliance obligations.

³ An agency’s grant management framework is a compilation of the agency’s processes, policies, procedures, guidelines and any associated risk management and governance processes and any other documentation based on the relevant phases of the grant process (refer to Figure 2). An agency’s grant management framework will be specific to the needs and requirements of the agency and its grant program/s.

Related resources

- [Financial Reporting Requirements for Queensland Government Agencies, Queensland Treasury](#)
- [Queensland Government Sponsorship Policy, Department of the Premier and Cabinet](#)

Information Sheet 6.2 – Grant Program Design¹

Introduction

Grant programs are developed to support the delivery of Government policy and can be established under legislation, regulation or be subject to Cabinet, Ministerial or other administrative direction.

This Information Sheet is intended to assist agencies in understanding the source of Government policy, and the subsequent planning and development of grant programs to achieve Government policy objectives. In developing grant programs, agencies have an obligation to deliver program benefits to recipients in an efficient, effective and economical manner.

Government policy objectives

The *Financial Accountability Act 2009* (FA Act) prescribes that:

- the Premier must prepare and table in Parliament a statement of the State Government's broad objectives for the community (section 10).
- the Treasurer must prepare and table in Parliament a charter of fiscal responsibility giving details of the government's fiscal objectives (section 11).

The Government may adopt a number of strategies to achieve its policy objectives and to comply with the requirements of the FA Act as noted above. One strategy may be the use of grant programs. The Government may announce specific grant programs to be undertaken by agencies, or an agency may recommend the development of a grant program as a strategy to further the achievement of Government objectives.

Agency program objectives

Program objectives define the purpose of the program, provide a framework for evaluating the performance of the program, and inform decision making on program management and continuation. Objectives should be:

- specific, concise and realistic
- measurable (including qualitative and quantitative information)
- linked to the achievement of Government objectives, and
- documented and communicated to applicants and agency staff.

Establishing a robust governance framework which also clearly defines the roles and responsibilities of the various participants in the administration of the grant process and ensuring accountability is essential². These should be documented in the agency's grant management framework.

When designing a grant activity, consideration should be given to evaluating the impact of the program for possible unintended consequences, whether economic, environmental, social or political. For example:

¹ Please note that Volume 6 relates to the management of grants and grant programs only. For information regarding what constitutes a grant expense for accounting purposes, refer to Financial Reporting Requirements for Queensland Government Agencies, FRR 3E Distinction between Grants and Procurement Expense.

² Australian National Audit Office (ANAO) – Implementing Better Practice Grants Administration (2013 – now withdrawn)

- a grant activity aimed at a particular line of medical research may appear to give government endorsement to ethical or moral positions, which may be opposed by particular sectors of the community, or
- the design of a grant activity directed at promoting an industry needs to consider whether the activity will cause the industry to grow at an unsustainable pace and/or will give rise to regulatory risks, or
- a program with objectives of job creation but does not mitigate against potential job loss where new technology is introduced or advantage given over other local competitors resulting in job losses.

In the event where the grant program needs to be altered due the realisation of unintended consequences (for example limited or no applicants) or results in policy objectives not being met, either identified by the Minister or grant evaluation team, the grant program may need to be re-designed and/or funding approval re-sought from appropriate authority e.g. CBRC. Refer to [Information Sheet 6.3 – Grant Program Administration](#) for further details.

Program planning

Once agency program objectives have been developed, program planning is undertaken to inform the program. This includes identification of:

- relationships with other funding bodies
- risk and risk management strategies, and
- performance measures and monitoring strategies.

Relationships with other funding bodies

When planning a program, it is essential to determine whether the proposed program interacts with, or conflicts with, programs being run by other funding bodies (for example, other Queensland Government agencies, the Commonwealth, other States and Territories, local governments, or private trusts and foundations).

Other bodies' programs may conflict with, duplicate, or complement the objectives of the planned program. There may be grant programs with similar objectives, or programs with different objectives but target common recipients. While it is recognised that potential applicants may receive funding from multiple funding sources, it is important for an agency to identify and mitigate the risk of an applicant receiving funding from multiple funding sources which are used for the same purpose (that is, 'double-dipping'). For example, a private organisation may seek funding from two agencies to fund the purchase of a vehicle. If the private organisation applies for 50% funding from each agency, generally this would be acceptable to the funders. However, if the private organisation accepts funding for 100% cost of the vehicle from both agencies, this would be classed as 'double dipping'.

Where related programs are identified, consultation between the agency and other funding bodies should take place to limit any duplication of effort. Where there are interrelationships between State run programs, agencies should aim to provide streamlined access to recipients, while ensuring appropriate transparency and accountability obligations are maintained. For example, the appointment of a lead funder to administer, control and monitor the grant process may rationalise the administrative requirements for both funders and recipients. However, where this approach is used, each funding body must still be satisfied the arrangements will meet both their internal and external accountability obligations.

Co-operation across such programs should assist in the delivery of desired grant outcomes and in the sharing of appropriate information. In such instances, agencies will need to be cognisant of privacy legislation requirements and ensure agreements contain relevant clauses to allow for the sharing of information between agencies.

Risk identification and management

Risk identification is a fundamental element of the planning process, and a risk management strategy should be developed, documented within the agency's grant management framework and adopted by grant administrators.

The risk management strategy should address general and program specific risks for the whole grant program, from planning to evaluation.

Conflicts of interest and fraud are examples of general risks that may arise. Conflicts of interest, whether actual or perceived, and fraud, have the potential to damage an agency and its programs. Public sector employees are bound by the requirements of the *Public Sector Act 2022* (which repealed the *Public Service Act 2008*), the *Public Sector Ethics Act 1994*, underlying codes of conduct and specific organisational policies and procedures and are required to disclose affiliations or interests accordingly.

Agencies must have documented procedures in place to outline appropriate actions to be taken to address actual or perceived conflicts of interest that could potentially arise at each stage of the grant cycle. Further information on conflict of interest is provide in [Information Sheet 6.3 – Grant Program Administration](#).

Risk management is an ongoing process throughout the life of a grant program and allows agencies to identify and treat emerging risks as they are identified.

Reputational risk should also be considered when assessing the overall risk management strategy. The *Australian National Audit Office* notes that reputational damage is possibly the most misunderstood and ill-managed risk of an organisation whether it is a private commercial enterprise, not for profit or government body where no amount of crisis management can usually repair the damage. It has also been observed that little attention is paid to this risk by organisational boards except when an incident arises that negatively impacts on an organisation's reputation³.

For additional information about the identification, management and review of risks, refer to [Information Sheet 3.1: Risk Identification and Management](#).

Performance measures and monitoring strategies

Performance monitoring may be undertaken at any stage in the grant program to assess whether the program objectives are being achieved. To enable this to be effective, performance measures must be developed to reflect the size, complexity and risk associated with the program. Performance measures must relate back to the program objectives. Performance measures must be developed before implementation of a grant program to allow for robust measurement of the grant program impact on the relevant cohort of recipients. Consideration should also be given to developing robust leading and lagging performance measures. These measures will vary according the complexity and risk/s of an agency's grant program.

Difficulty encountered in establishing key performance measures may reflect some uncertainty as to the objectives of the program, and reappraisal of program objectives may be required. If direct quantifiable measures are not possible, some form of indicator of achievement of the aims and objectives of the grant scheme should be developed.

³ [Keynote Address to 2005 Public Sector Governance & Risk Forum](#), Australian National Audit Office

Performance measures should also be developed prior to implementation of the grant program (to be able to robustly measure the impact of the grant program on the relevant cohort). Milestone or progress reports showing the extent to which the program is contributing to policy outcomes, as well as delivering expected services or service standards, should also be produced by the agency, such as by the internal grant monitoring or grant reporting team. Reports should also reflect the extent to which the program is still appropriate in light of changing circumstances including the impact of the program itself (for example, the results achieved by the grant program may mean that the program is no longer required in its current form).

General guidance on setting performance measures is available in the [Queensland Government Performance Management Framework Policy](#).

Specifically, in relation to setting performance measures for grant programs, avoid common failings such as:

- assuming that the award of a grant automatically secures the policy objectives
- using the number of grants as a valid measure of output. This is simply a measure of administrative activity. Even so, the number of grants is hard to interpret because a “grant” is not a standardised unit of work
- presenting an incomplete time series of results from past and present figures to future forecasts, and
- not relating output measures to overall aims and grant and overall government objectives. It is more important to achieve the policy aims and desired outcomes from the grant scheme than to maximise, for example, the number or value of grants approved.⁴

Further information in relation to performance management systems is available in [Information Sheet 3.13 – Performance Management Systems](#). Further information about program evaluation and analysis is available in [Information Sheet 6.4 – Grant Program Evaluation and Analysis](#).

Program development

In the development phase of a grant program, agencies should consider issues related to:

- program eligibility rules
- program costs
- compliance with relevant legislation and policies, and
- accountability and reporting mechanisms.

Program eligibility rules

Program eligibility rules should clearly state the mandatory requirements to be met by applicants if they are to receive grant funding. The eligibility rules could be general (for example, all sporting clubs are eligible to apply) or specific (for example, only alcohol-free sporting clubs are eligible to apply).

⁴ [Best Practice Guide for the Administration of Grants, Fourth Edition, Department of Treasury and Finance, Tasmania, February 2013](#).

The criteria should be designed to attract applications from target groups identified in Government policy and should assist in limiting the number of ineligible applications received by agencies. In addition, the rules should be:

- robust, up to date, and tailored to the current grant program
- unambiguous and transparent
- consistent with program objectives,
- require applicants to supply supporting documentation where applicable; and
- reviewed and approved by the accountable officer or statutory body (or delegate).

The program eligibility rules may also influence the program promotion strategy used to target potential applicants. Program promotion is covered in more detail below under the heading Program approval and initiation.

Program costs

Program costs can be separated into two elements – direct and indirect costs – which form the total cost of the program.

Direct program costs are funds paid to recipients. Indirect costs are the costs involved in administering the program, for example:

- marketing and publicity costs incurred in communicating with potential applicants
- costs incurred in the appraisal and approval of grant applications such as the engagement of external panel members, due diligence costs and legal costs for the preparation and/or negotiation of the grant agreement
- IT systems and communication costs
- employee and other personnel costs
- costs associated with the performance and risk management processes
- costs arising from the resolution of appeals or complaints received from applicants, and
- record management costs, particularly in the case of programs with significant numbers of applicants.

Administrative support costs may be a significant component of the overall program cost and may be minimised by utilising controls and processes developed for other grant programs. Underestimating administrative needs and associated costs can impact on the outcomes achieved by the program for example this could result in delays in meeting program timeframes or potentially influence the rigour of the assessment process. Agencies may consider engaging the services of another agency with appropriate existing systems as a means of reducing administrative costs associated with grant programs. However, agencies must be satisfied that there are robust internal controls and accountability mechanisms embodied in the grant administration system of the other agency.

Consideration should also be given to the cost implications of the program for grant recipients (including potential tax implications). Excessively prescriptive grant conditions or reporting requirements can increase recipients' administrative costs and erode the value of the grant to the recipient. Compliance requirements may therefore be reviewed and amended as a means of minimising recipients' compliance costs, as long as the reduced compliance requirements do not negatively impact on the management, transparency and oversight of the grants.

Both agencies and grant applicants may benefit from the use of information technology as a means of reducing program compliance costs. For example, agencies may provide:

- online access to prospective applicants detailing grant program details, such as application forms, eligibility criteria, grant funding, terms and conditions, and the like
- facility for applicants to lodge applications electronically which utilise in-built form validation rules
- electronic acknowledgement of receipt of applications received
- electronic advice of the results of the grant appraisal process to both successful and unsuccessful applicants
- electronic notification of grant payments to recipients, and
- other online information, for example, about the agency's appeals process (discussed later in this Information Sheet).

Using another agency as a service provider, online services or the use of external stakeholders such as external panel members may introduce security and privacy risks. These risks must be effectively addressed to maintain public confidence in the integrity of government systems. Further information on security of information is provided in the Queensland Government Enterprise Architecture - [Information Security Policy](#).

Compliance with relevant legislation and policies

When developing grant programs, agencies should be aware of their legal and administrative obligations and seek relevant legal advice, for example:

- the legality of decision making, including issues such as natural justice
- the provisions of the FA Act and its subordinate legislation
- the *Judicial Review Act 1991*, particularly in relation to the provision of reasons for administrative decisions
- the *Right to Information Act 2009*
- the *Information Privacy Act 2009*
- the holding security for performance, for example, a bank guarantee or registering an interest under the *Personal Property Securities Act 2009*
- the *Public Records Act 2002* and other recordkeeping requirements
- industry-specific legislation
- anti-discrimination legislation, and
- human rights legislation.

As part of the development of the grant program, agencies should ensure that no conflict exists between the requirements of the grant program and the relevant legislation and policies outlined above⁵.

There are specific requirements set out in the *Income Tax Assessment Act 1997* (Cwlth) (ITAA) in relation to the receipt of funds by entities endorsed as deductible gift recipients by the Australian Taxation Office. It should be ensured that agency requirements do not conflict with these requirements.

⁵ The above is not an exhaustive list of legislation and policies that may apply.

Goods and Services Tax (GST) may apply to some grant payments. The application of GST provisions should be assessed on a program by program basis and developed accordingly. Grant recipients should be made aware of the inclusion, or otherwise, of GST in grant funds received.

The Commissioner of Taxation issued a Public Ruling [GSTR 2012/2 Goods and services tax: financial assistance payments](#), to assist grant giving agencies and grant recipients to determine whether GST applies to a grant. Agencies issuing grants to which GST applies should also be familiar with the valid tax invoice requirements and the Public Ruling [GSTR 2000/10 Goods and services tax: recipient created tax invoices](#).

Further information about taxation issues, including the above-mentioned public rulings, is available on the [ATO website](#).

Agencies should also encourage potential recipients to seek expert advice in relation to their obligations under the provisions of the ITAA, the GST legislation, as well as the program's terms and conditions, and its obligations under other applicable legislative and regulatory provisions.

Agencies are referred to [Information Sheet 6.3 – Grant Program Administration](#) to review their obligations with respect to privacy provisions when dealing with applicants to grant programs, and recipients of funds under grant programs.

Accountability and reporting mechanisms

Agencies are accountable to the public via Parliament for the use of public funds. Accountability mechanisms should reflect the operations and outcomes of the program and consider both the program objectives and administrative processes. Sufficient evidence must be retained to support all decisions and proceedings in relation to the administration of a grant program. Further details on documentation requirements are provided in [Information Sheet 6.6 – Documentation Requirements of Grant Management](#)

All internal controls and processes, administrative functions and decisions concerning the operations of the grant program must be documented in the agency's financial management practice manual and/or in the agency's grant management framework.

Agencies also need to give consideration as to how any 'in flight' changes to the program will be managed in terms of public communication and the maintenance of program transparency to ensure equity and procedural fairness is followed.

In determining appropriate accountability mechanisms, the agency will need to consider who is responsible for what, how and to whom. Agencies and recipients have obligations to meet in achieving the program's objectives and the mechanisms should reflect these obligations.

The risk of fraud and non-compliance should inform the degree of acquittal required when designing accountability mechanisms. If the associated risks are not adequately considered during the design phase, this may result in the need for a full acquittal process that is costly for government and the recipient.

All accountability and reporting mechanisms (including any associated risk assessments performed) should be documented in the agency's grant management framework.

Where a program is being run collaboratively across multiple agencies, the responsibilities for accountability and reporting mechanisms to be used by the lead agency and any other agency/s should be identified and documented as part of the planning process.

Impacts of Machinery of Government Changes

When a machinery of government (MoG) change occurs, and functions move between departments, departments should promptly conduct a review to ensure consistency of fundamental processes (such as approval delegations) and compliance with the *Financial Accountability Act 2009* and the Financial Accountability Handbook⁶. The financial delegations must be updated to reflect the new department structure⁷. The post-MoG delegations should be used to approve and pay grants. However, due to the complex nature of some MoG changes, there may be instances where there is a delay in the finalisation of post-MoG delegations. In these circumstances, the pre-MoG delegation may still be required during the transitional period until MoG related delegations and related processes are completed.

Where there is a grant process *in train* during a MoG change or across an election, and the recipients have been approved and notified of their success under the existing grant program, the advertised grant guidelines including approved eligibility criteria and the method of appraising applicants should continue to be administered as outlined when the program was established until its conclusion. This is to ensure procedural fairness and equity is maintained for grant applicants throughout the grant process.

Where funding for the grant program had been approved, and *due to an election there is a change to government objectives*, and the grant program has not progressed significantly (for example the program has not reached the stage where recipients are approved and notified of their success) the program should be assessed to ensure it aligns with the revised government objectives for the community.

Program approval and initiation

With respect to program approval and initiation, agencies should consider the following processes:

- seeking the relevant program approvals
- program promotion, and
- an appeal process.

Program approval

Departments must consider Governor in Council⁸ and budget processes and obtain the relevant approvals to establish the program.

Statutory bodies have an obligation to ensure that program approval processes comply with the provisions of the statutory body's enabling legislation.

Program promotion

The most common type of grant program involves an open funding process where as many potentially eligible applicants as possible are encouraged to apply for available funding.

⁶ [QAO Report to Parliament: Awarding of Sports Grants, September 2020, Queensland Audit Office](#)

⁷ The Guidelines for Machinery of Government Changes state that where it is clear that the functions of an existing department have been completely taken over by another department, then it is possible for an existing approval under the Financial Accountability Act to be interpreted as applying to the new department. One of the responsibilities of the accountable officer of the receiving department is to review the delegations so that they are appropriate for the amalgamated department going forward. This review should be undertaken within a reasonable timeframe as outlined in the Queensland Audit Office Checklist for managing machinery of government (MoG) changes.

⁸ Administrative processes under the [Project Commencement Approval Policy](#), may need to be considered as part of overall program establishment.

Material promoting the program should be clear and informative, provide an overview of how to complete an application, state the selection criteria and also list agency contacts from whom applicants can obtain further information and assistance. Promotion of the program can include use of the internet, newsletters, direct mail, workshops and special events, agency publications, and public launches or announcements. Agencies should aim to balance minimising overheads, such as promotion, against an effective communication strategy; in line with the Government's commitment to reducing unnecessary expenditure.

Inclusion of a 'quick eligibility checklist' may also be considered to assist potential applicants to immediately assess their eligibility, thereby reducing unnecessary work by an applicant in preparing an application, and by the agency in not having to assess ultimately ineligible applications.

While the open funding process is generally the approach adopted, other models may be used to target smaller groups, both as a means of reducing administrative costs and ensuring funding is directed to specific groups identified in Government policy objectives. Agencies may consider using one of the following approaches where it is determined that broad promotion of a grant program is neither appropriate nor necessary:

- Expression of interest – an invitation-based process where potential applicants are invited during the program's development phase to express an interest in participating in the program. Following a review of the expressions of interest received, the agency can short list applicants for the next phase where full applications for grant funding are sought.
- Targeted funding – a submission-based process where limited numbers of applicants are invited to apply for funding. Submissions are assessed, and applicants selected through a merit-based process against stated eligibility and selection criteria.
- Negotiated funding – a submission-based process where a direct approach is made by the agency to one or more eligible suppliers to apply for funding on a model agreed between the agency and the supplier.

Appeals processes

Agencies must ensure an effective appeals process has been established and documented prior to the commencement of a grant program. This should allow for prompt and effective resolution of issues that may arise following the appraisal process and subsequent awarding of grant funding.

Guidance on the development of a complaints management system/framework can be found on the [Queensland Ombudsman website](#).

Related resources

- [Queensland Government Performance Management Framework Policy, Department of the Premier and Cabinet](#)
- [National Standard Chart of Accounts, Australian Charities and Not-for-profits Commission](#)
- [Queensland Government's objectives for the community](#)
- [Goods and Services Tax Ruling, GSTR 2012/2: Goods and services tax: financial assistance payments](#)
- [Public Ruling GSTR 2000/10 Goods and services tax: recipient created tax invoices](#)
- [Keep and manage specific records: Grants and grant funding, Queensland State Archives](#)
- [Information Security Policy - Queensland Government Enterprise Architecture](#)
- [Community Grants program management guide for Queensland local government - Queensland Rural and Industry Development Authority \(QRIDA\)](#)

Key Items for Consideration – Grant Program Design

The following is a list of key items for agencies to consider in the planning and development of grant programs to achieve Government policy objectives. In developing grant programs, agencies have an obligation to deliver program benefits to recipients in an efficient, effective and economical manner.

Please note that the below listing is not exhaustive and is considered to outline a summary of the key requirements of best practice grant program design.

#	Item	Yes/No
1.	Have the agency program objectives been clearly defined, communicated and linked to Government policy objectives?	
2.	Are the policy objectives specific, measurable (including qualitative and quantitative information) and documented?	
3.	Has compliance with relevant legal and administrative policies been reviewed?	
4.	Has the grant program been risk assessed including performing an evaluation on the impact of the program for possible unintended consequences, whether economic, environmental, social or political?	
5.	Has an overall risk assessment of the grant program been performed? In particular: <ul style="list-style-type: none"> a) have any relationships with other funding sources been identified? If so, has the agency identified and developed mitigation strategies to manage the risk of an applicant receiving funding from multiple funding sources which are used for the same purpose (that is, 'double-dipping')? b) have identification and mitigation strategies related to conflict of interest and fraud risk been developed? 	
6.	Have the overarching principles or framework concerning internal controls and processes, administrative functions and the operations of the grant program been documented in the agency's financial management practice manual (FMPM) and/or agency grant management framework?	
7.	Have detailed internal processes and procedures been documented in agencies' grant management framework and/or FMPM?	
8.	Are program eligibility rules: <ul style="list-style-type: none"> a) robust, up to date, and tailored to the current grant program b) unambiguous and transparent c) consistent with program objectives, and d) reviewed and approved by the accountable officer or statutory body (or delegate). 	
9.	Have robust accountability mechanisms including documentation and transparency requirements been developed?	
10.	Have necessary approvals for the program initiation been obtained?	
11.	Has an effective appeals process (including a complaints process) been developed?	

Information Sheet 6.3 – Grant Program Administration¹

Introduction

This Information Sheet is designed to assist agencies in the development and implementation of administrative controls and processes for grant programs which have been established in response to government policy initiatives.

The controls and processes adopted by agencies may vary depending upon the size, scope and complexity of the grant program. For example, programs which pay small amounts to a large number of individuals may have fewer complex controls and processes compared to programs which pay large amounts to corporate entities as incentive payments. Also, the administrative oversight within a program may differ depending upon the nature of the grant being disbursed or the risks associated with individual recipients. Each individual program will need to be assessed to determine the level of administrative processes and oversight necessary. The level of administrative processes and oversight necessary including its assessment should be included in the agency's grant management framework.

Program administration should include consideration of:

- grant application forms
- grant application appraisals
- grant funding and payments (including grant agreements), and
- grant monitoring and acquittals.

Application forms

Grant application forms and associated materials should be easy to understand, specific to the program and enable applicants to provide all relevant information. The following matters will be dealt with in this section:

- format and content of application forms, and
- privacy issues.

Form and content of application forms and guidance notes

Well-structured application forms and guidance notes should reduce the number of ineligible applications.

Application forms and associated materials should be reviewed on a regular basis to ensure that they reflect current program requirements. The format and content of application forms should allow for the collection of all information necessary to assess the application. Online application forms could have in-built validation checks to ensure that relevant information is included which may assist in reducing the number of ineligible application forms and the checking processes which may need to be conducted by the agency once the forms are submitted.

¹ Please note that Volume 6 relates to the management of grants and grant programs only. For information regarding what constitutes a grant for accounting purposes, refer to [Financial Reporting Requirements for Queensland Government Agencies](#), FRR 3E Distinction between Grants and Procurement Revenue and Expense.

For example, application forms for a relatively simple grant may require disclosure² of:

- name, legal status (for example, a corporation), ABN/GST details, registered address, organisation contact details (including office bearers)
- the applicant's contact officer for grant application queries
- reasons for seeking the funding, and
- a checklist for completion by applicants to ensure all required information has been provided.

In contrast, for more complex grants, further information may be required, such as:

- latest audited financial statements or management accounts
- funding sought from other providers
- a privacy statement for execution by an applicant which permits the agency to liaise with other Government agencies where an applicant has also applied for grant funding
- more detailed information such as key program milestones, detailed budgets, project partners, reporting timelines, and
- any other information regarded as necessary to facilitate the application process.

The former Council of Australian Governments (COAG) (now the National Federation Reform Council (NFRC)) directed that application forms completed by 'not-for-profit' organisations are required to be consistent with the terminology and classifications used in the [National Standard Chart of Accounts](#), which was initially developed by the Queensland University of Technology and now administered by the Australian Charities and Not-for-profits Commission (ACNC).

Guidance notes supplied with application forms should set out:

- the aims and objectives of the grant program, as well as the measures for indicating that these have been achieved
- the selection criteria, and
- information about the approval process, including:
 - closing date for applications and likely decision dates
 - an outline of the selection process
 - the appointments of the people who make final recommendations and approvals
 - a description of appeals processes, and
 - the accountability and reporting measures appropriate to the program.³

Privacy issues

Where appropriate, collaboration between agencies is encouraged to minimise program costs, and maximise program benefits.

² Agencies should give regard to the [Grants, frontline service procurement and other assistance data policy](#) - Queensland Government Enterprise Architecture in relation to collection of data

³ [Best Practice Guide for the Administration of Grants, Fourth Edition, Department of Treasury and Finance, Tasmania, February 2013.](#)

However, agencies must comply with the *Information Privacy Act 2009* and the *Right to Information Act 2009* when sharing information. The sharing of information between agencies is possible, provided strict rules are followed. No agency is permitted to pass any personal information to another agency without legal authority to do so or consent has been provided by the individual or agency concerned.

The issue of advising a recipient of the ultimate destination of their details is one of 'informed consent'. Application and supporting forms must inform the applicant of the intention to share information with another agency in accordance with the privacy legislation.

Grant application appraisal

When assessing applications for grant funding, the process must be transparent and free from political or unconscious bias or other influence. It is suggested that agencies, as a minimum, consider:

- application appraisal processes
- documentation of decisions (to ensure they are defensible), and
- communication of appraisal decisions to applicants.

Application appraisal process

The objective of the appraisal process is to select those applicants who meet the program eligibility criteria.

The appraisal processes developed by agencies should be documented in the agency's grant management framework and should:

- recognise the complexity of the grant program, and develop appraisal controls and processes accordingly
- include confirmation of details provided by the applicants (for example, confirming existence, address and contact details of the applicant)
- require the use of specific appraisal checklists to ensure consistent scrutiny
- determine an appropriate schedule for the assessment of applications, which may be a fixed date if the grant application is in the form of a tender response, or over a longer period as determined by the term of the program and grant renewal requirements, and
- be applied consistently to all applications received.

It is common for grant programs to be oversubscribed, with the funding sought by applicants exceeding the available funding. In these circumstances, the application of appropriately robust, transparent and accountable assessment and selection processes will be important in determining which applicants will be successful within the available funding. The appraisal process must be documented within the agency's grant management framework.

Weighting of Criteria⁴

The appraisal process should provide for the consistent application of the selection process. Application of a relative weighting methodology (e.g. application of numerical rating scales) between criteria identified (for competitive selection processes) may assist to effectively and consistently differentiate between projects of varying merit in terms of the selection criteria.

⁴ ANAO – Implementing Better Practice Grants Administration (2013 – now withdrawn)

Numerical rating scales provide a clear and consistent basis for:

- assessing applications against weighted criteria, and
- effectively differentiating between individual projects and classes of projects by:
 - consistently comparing the overall qualitative rating of individual merits, and
 - forming conclusions about the relative merits of applications.

Numerical rating scales will however only produce useful results if they are based on a sound underlying methodology that is flexible enough to provide for a number of different circumstances.

If qualitative ordinal scales are used (such as High/Medium/Low or Highly meets/Generally meets/Barely meets/Does not meet), it is recommended that further consideration is given to how the following issues are addressed:

- fewer rating points are generally used if qualitative ordinal scales are utilised, with a greater number of applications in each rating point (this generally does not occur if numerical scales are utilised), and
- there are no fixed differences between the respective ratings when a qualitative ordinal scale is used.

These factors are likely to make it more difficult for decision-makers to differentiate between the relative merits of applications within the same rating point when using qualitative ordinal scales due to level of subjectivity which may need to be applied. Accordingly, qualitative ordinal scales are not recommended for use.

Grants to Non-Government Organisations (NGOs)

Where agencies make grant funds available to non-government organisations (NGOs) (e.g. commercial enterprises or not for profit organisations), due diligence and probity checks should reflect the size, complexity and potential risks that may exist. It is recommended that agencies consider, for example:

- Australian Securities and Investment Commission searches on applicant companies and their officers
- analysis of the most recent, independently audited financial statements and other financial material, such as credit history searches, that are considered relevant to an application
- criminal history clearances of the applicant officers where there may be some suspicion of irregularities in an application that has been submitted
- discussion/s with other Queensland government agencies which may be providing current funding, or may have provided past funding, and
- media and internet searches on potential applicants.

Specialist support or professional advice should be sought to assist in the appraisal process where it is considered that the agency may lack appropriate knowledge or expertise.

One of the objectives of the appraisal process may be to validate that funding is necessary to achieve the aims of the project. Alternatively, other forms of government support could be considered such as the provision of expert knowledge and advice, or a loan (for example, when a relatively costly project is expected to generate significant new income).

The appraisal process should consider whether an applicant's project could proceed with partial funding or proceed if no funding was provided. Where a project can proceed in the absence of government funding, consideration (based on the program objectives) should be given to whether grant funding is appropriate. Instances where it is appropriate may be when grants are paid as incentives to encourage industry.

Documentation of decisions

Decision-makers must clearly demonstrate that grant decisions are equitable, transparent and represent value for money. This includes recording the criteria on which their decisions were based and the reasons for the decisions.

Good recordkeeping assists agency grant performance by better informing decision making. For example⁵:

- decision-makers should document the reasons for decisions in awarding (or not awarding) grants, as this will assist and inform equitable application of the assessment criteria, particularly when selection processes are conducted over an extended period of time. This helps to ensure that grant money is awarded to those projects or activities that best satisfy the objectives of the granting activity, and
- where it is proposed to use a method other than a competitive, merit-based selection process, the agency should document why this approach has been used.

If Ministerial or Governor in Council approval for a grant is required, refer to [Information Sheet 1.6 Obtaining and Documenting Ministerial Decisions](#) and [Information Sheet 6.5 – Roles and Responsibilities of the Minister, Accountable Officer \(or delegate\) and Agency Staff](#) for further information.

Conflicts of Interest⁶

Where possible and applicable, the appointment of external panel members to the appraisal panel should also be considered in combination with internal members. Appraisers (irrespective if they are internal or external to the agency) must declare any actual or perceived conflicts of interests. This should be done both prior to and after receiving applications to confirm no conflicts of interest have been identified. This declaration should be formally recorded, and any action/s taken in line with the documented agency policy contained within its agency grant management framework (as outlined in [Information Sheet 6.2 – Grant Program Design](#)).

Communication of decisions

Depending on the grant program, funding announcements can be sensitive, and timeliness in communication is important. Agencies should try to avoid the perception that announcements are being used for political purposes. While it is acknowledged that the timing of an announcement may be chosen to suit a purpose, it is preferable all decisions on grant and funding applications be announced together, or within a relatively short timeframe. This enables applicants to know the outcome of their proposals, so that either commencement of the grant program or the pursuit of alternative sources of funding can begin on an equitable and transparent basis.

If significant delays occur between the appraisal process and funding decisions/outcomes, consideration should be given to updating the appraisal. This will ensure that the applicant remains eligible for the funding, which can be particularly important for grants to for-profit organisations as the financial viability of a business may change if there has been a delay.

⁵ [Commonwealth Grants Rules and Guidelines 2017, Department of Finance.](#)

⁶ [Managing Conflicts of Interest in the Public Sector](#), the Independent Commission Against Corruption and the Crime and Misconduct Commission, November 2004.

Unintended Outcome of Grant Appraisal Process

In exceptional circumstances, after the completion of the grant appraisal process, the outcome from the assessment of eligible applicants may result in a list of applicants that may not align to the government’s policy objectives. Examples could include:

- Grant program promotion may not have targeted the appropriate applicants (e.g. Sports grants with the view to attracting more female participation however promotion is not targeted towards relevant sports)
- Eligibility rules are not consistent with policy objectives or are ambiguous (e.g. Grants aimed at rural areas however specific weighted criteria is not assigned to rank rural areas), or
- Grant program design results in the realisation of unintended consequences such as a grant activity aimed at a particular line of medical research may appear to give government endorsement to ethical or moral positions, which may be opposed by particular sectors of the community.

If this issue is identified by the grant appraisal team, the reasons for the non-alignment with Government objectives or the unintended outcome, must be documented and escalated to the accountable officer for discussion with the Minister.

If the Minister, when noting the successful applicants, expresses a concern that the outcome of the grant assessment process has not met policy expectations, the Minister must document why the policy objectives are not being met or the outcome is not what was intended. This is then provided to the accountable officer who is to evaluate whether the grant assessment process has resulted in an outcome that does not meet Government objectives or policy intent. The Minister must not request a change to the individual successful applicants or changes to the selection criteria as the Minister is not the approved decision maker.

In both instances, the accountable officer must decide whether the grant program can continue in its current form (i.e. program intent and Government objectives are being met) or the grant program must cease and be re-designed.

These unintended outcomes indicate structural issues in the program design phase. After recommendation from the accountable officer, in consultation with the Minister, for the program to cease in its current form, an investigation is required to identify the underlying cause for the disconnect between the assessment outcome and program design. Dependent on the issues identified, approval may need to be re-sought from the approval authority e.g. CBRC to ensure funding is being applied to meet approved objectives. Alternatively, the grant program may need to be re-designed to address the issues identified.

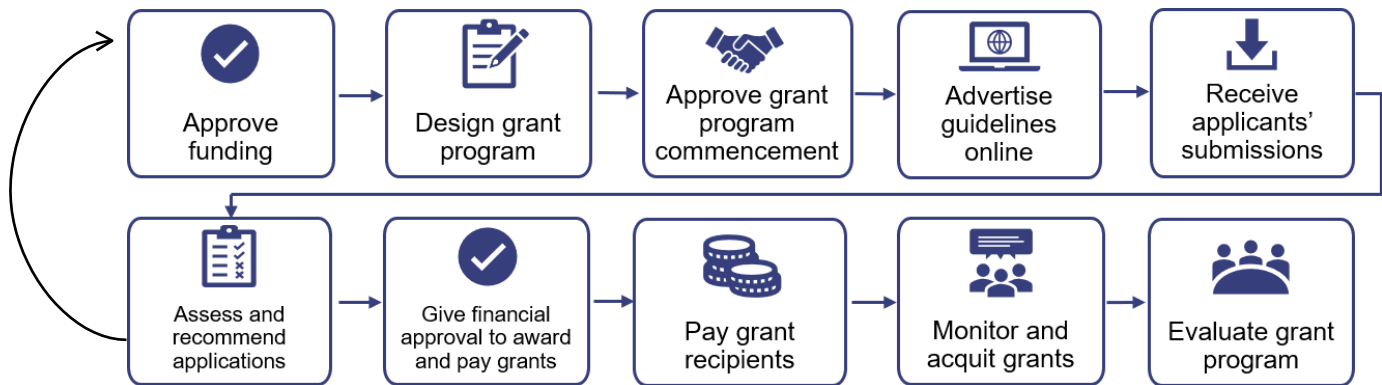


Figure 3 Grant Phases - Unintended Outcome Feedback loop - When an unintended outcome has been determined, recommence the phases of the grant process, refer to loop arrow.

Accountable officers should ensure that an appropriate due diligence process on any changes made is undertaken and documented. The absence of adequate documentation may be viewed as decisions being made with a lack of integrity, transparency, probity, and could represent a significant conflict of interest.

The purpose of the Minister's involvement in the grant administration process is to ensure the department's operations are aligned with government policy.⁷ Ministers have an obligation to ensure that the Government's objectives are being met by the grant program.

To achieve fairness and independent decision making, the Minister should not be involved in a grant program beyond the "design grant program" phase. Specific ministerial role and responsibilities is discussed further in [Information Sheet 6.5 – Roles and Responsibilities of the Minister, Accountable Officer \(or delegate\) and Agency Staff](#). Agencies should design processes to ensure that grant decisions reflect the intention of the Minister and the Government. Agencies should seek early engagement in the design phase to ensure this occurs.

Agencies must give consideration in these circumstances to the potential adverse consequences of the grant program being ceased or re-designed. These adverse consequences may include:

- Adverse media coverage to both the agency, Minister and Government.
- The sunk costs already incurred by the agency in setting up and assessing applicants which will be repeated for the new or re-designed grant program.
- Costs which may have been incurred by applicants. This may result in applicant complaints which need to be responded to by the agency, incurring further costs.
- Responding to investigation queries made by the Queensland Ombudsman as a result of complaints escalated by applicants.
- Negative public perception regarding the inequitable use of public funds.

If the grant program is ceased or re-designed, applicants from the initial program must be notified of the changes made to the eligibility criteria and/or the selection criteria and invited to re-apply if they are still eligible. This ensures that the grant program maintains transparency and public defensibility to all applicants (both initial and new).

Grant funding and payment

When establishing processes for the payment of grant funding to successful applicants, agencies should consider:

- funding options
- grant agreements
- grant payments
- grant variations, and
- recovery of funds.

⁷ [Queensland Audit Office Information Brief – Awarding of Sports Grants September 2020, Queensland Audit Office](#)

Funding options

There are several options available in relation to funding methods, and agencies may use these individually or in combination. The appropriate strategy will reflect management's judgement of the cash management requirements of both the agency and grant recipients.

Examples of funding strategies are:

- budget basis: funding remitted based on recipient's budgeted costs
- lump sum: fixed amount remitted irrespective of recipients' costs
- standard percentage: agreed percentage of recipient's program costs are funded
- flexible: funds remitted are based on agreed milestones being achieved
- longer term: funding is based on a risk benefit analysis and is conditional on achievement of objectives and compliance in the funding agreement (and limited to a maximum of 5 years for agencies to match budgeting timeframes), or
- matching: based on recipient's own fundraising/income, or other agency contributions.

Grant agreements

A well drafted agreement provides the funding agency and the recipient with a written record of the terms agreed and executed between both parties. It includes roles and responsibilities, funding provided, required milestones, key performance indicators, monitoring and acquittal requirements and dispute resolution processes. The agreement should also incorporate specific terms and conditions required by legislation, regulation, Government policy, or at the Minister's direction⁸ or similar requirements. It is recommended that, where appropriate, agencies use the [Whole of Government Social Service contract templates](#) to ensure consistency in contracting arrangements across Government.

Where a number of agencies work together to deliver networked grant programs, careful drafting of agreements is required. Relational agreements between the agencies involved, such as Memoranda of Understanding (MOUs), should be in place and incorporate shared objectives and clearly define roles, responsibilities and accountabilities across the agencies involved.

Grant agreements for complex grants may also account for specific issues such as:

- ownership rights for assets acquired or generated by the application of grant funding
- remitting windfall gains to donor agencies that may have arisen from the application of grant funding
- conditions on the use of an asset acquired using grant funds (for example, equipment acquired by an environmental organisation may only be used on projects that comply with grant funding terms and conditions)
- a recipient's obligations in relation to the sale of an asset acquired using grant funding (for example, whether the recipient has an obligation to remit the sale proceeds to the donor agency, or is entitled to retain the funds and apply them to furthering the program's objectives)
- the inclusion of termination clauses and/or expiration dates including any consequences of termination
- registration of the Government's legal interest or charge over property, if deemed significant

⁸ Minister's direction must be in accordance with the powers conferred on them within relevant administered legislation.

- the ownership of intellectual property developed as the result of the use of program funds (refer to the [Queensland Public Sector Intellectual Property Principles Factsheet](#) for further information)
- when audited financial statements may be required by the agency
- review of specific performance measures, both during and at completion of the program, and
- recoupment of funds in the case of non-performance or non-compliance with the agreement terms and conditions.

Agencies should encourage recipients to seek appropriate legal advice before signing a grant agreement – particularly where there may be complexities such as those discussed above.

Financial Delegation of Grant payments

The payment of grant funds to recipients should be subject to the same financial internal controls and processes that apply to any expenditure incurred by agencies. In cases where the delegate who gives financial approval to make payment of the grant and approval of successful recipient/s is the same person, relevant approval documentation needs *to separately record the approval of the selected grant recipients and the financial approval*.

Additionally, internal controls should ensure that payments are made in accordance with grant program terms and conditions, milestone and other performance targets, and are approved by appropriate agency officers. These should be documented in the agency's grant management framework.

The FA Act and its subordinate legislation are focussed upon the responsibilities of accountable officers in the management of their department. Under the FA Act, all financial authority rests with the accountable officer, statutory body or officers to whom approval authorities have been delegated. The accountable officer is responsible for managing the day to day operations of departments, ensuring the efficient and effective delivery of departmental services and providing effective advice to the Minister on policy matters requiring Ministerial attention.⁹

The FA Act does not contemplate the concept of Ministers having approval authority over departmental funds. Accordingly, approvals authorising the expenditure of agency funds generally rest with the accountable officer, statutory body or officers to whom approval authorities have been delegated.

The Minister may be involved in the grant process to the extent of providing approval to commence a grant program, or to give feedback on the design of the grant program, including the establishment of criteria for assessment of the applications¹⁰. The purpose of the Minister's involvement is to ensure the department's operations are aligned with government policy.

The FA Act must be complied with at all times however, there may be instances in specific legislation or policy (or government direction) which directs a Minister (or, occasionally, Governor in Council) to undertake particular administrative decision making responsibility. For example, the *Project Commencement Approval Policy*¹¹ requires **departments** to seek Governor in Council or Ministerial approval prior to commencing a high value project, or certain grant programs.

⁹ [Section 2.1 Ministers, The Queensland Cabinet Handbook – Governing Queensland, Department of the Premier and Cabinet](#)

¹⁰ [QAO Report to Parliament: Awarding of Sports Grants, September 2020, Queensland Audit Office](#)

¹¹ This is an administrative approval based on financial limits as opposed to a financial approval

Payments in Advance or Arrears

Remitting funds either in advance or in arrears or for an urgent need is ultimately at the discretion of agency management and should be based on an assessment of the relative risk of the option adopted and individual recipient requirements. If after the risk assessment the payment of funds in either in advance or in arrears or for an urgent need is proceeded with, all decisions, with a particular emphasis on the risk assessment performed and the rationale for the payment need to be documented. The relevant approvals will still need to be obtained. The conditions which need to be satisfied upon which funds are remitted either in advance or in arrears or payment is made for an urgent need are to be documented in the agency's grant management framework.

Note: Irrespective of the method of funding chosen, funds should never be paid before they have been formally approved and the recipient has accepted the terms and conditions by signing a grant agreement. Funding should not be approved retrospectively.

Agencies are referred to [Information Sheet 3.6 – Expense Management Systems](#) and [Information Sheet 3.4 – Delegations](#) for additional assistance in the review of existing grant payment processes, or the development of new processes.

Grant variations

A recipient may, due to changed circumstances, request a variation to the terms and conditions in a grant agreement. For example, a recipient may request a change in the timing of grant payments, or in milestone due dates or similarly, a variation can also be initiated by the agency such as extending the expiry date of a grant agreement for legitimate reasons. The information required for a grant variation may depend on the particular agency or recipient circumstances, however each request should be assessed and documented to ensure that program objectives are being achieved and will continue to be achieved and to ensure the conditions/level of risk is acceptable to the agency. The information required should be documented in the agency's grant management framework. Variations must be approved in line with the agency's delegations and documented accordingly.

Recovery of funds

Circumstances may arise where moneys remitted to recipients need to be recovered, for example, when:

- recipients are in breach of agreement terms and conditions
- surplus funds remain unspent at completion of the grant, or
- grant funds that were provided as seed funding or as an incentive to an organisation to develop commercially successful products or processes can be repaid to the agency without impacting on the future commercial success and viability of the enterprise.

Appropriate procedures to recoup funds from recipients must be developed and documented within the agency grant management framework. Prior to initiating the recovery process, agencies should consider the following:

- was there an intentional breach of funding terms and conditions?
- has the matter been raised and discussed with the recipient?
- will grant outcomes be prejudiced if the funds are recovered from the recipient?

The decision to recover funds rests with agency management and should be reviewed on a case by case basis. Any decision to write off grant funds recoverable must be documented and appropriate approval evidenced in line with agency delegations.

Any regular need to recover grants is a warning sign that a grant program may not be achieving its objectives, or that scrutiny of applications may need to be tightened up. Periodically, agencies should monitor levels of recovery and analyse causes.

Grant monitoring and acquittals

The processes used by agencies to monitor the progress of recipients' compliance with terms of the grant agreement may include:

- appointment of a monitoring team
- development of a monitoring strategy, and
- undertaking financial and performance monitoring.

Monitoring team

Monitoring grant programs should be the responsibility of agency staff with knowledge of the program details and expertise appropriate to the size and complexity of the program. Any conflicts of interest should be dealt with in line with the documented agency policy (as outlined [Information Sheet 6.2 – Grant Program Design](#)).

To ensure consistency, monitoring processes and service standards should be documented in the agency's grant management framework and made available to all staff engaged in the monitoring functions. This will be of importance where monitoring is undertaken regionally, spread across a number of monitoring units or where agency staff turnover is high.

To complete its functions effectively, the monitoring team should have access to appropriately structured databases to ensure information can be analysed in a way to include:

- monitoring the cost of the program
- identification of fraudulent use of grant funds
- both quantitative and qualitative information
- a format that aligns with periodic reports to relevant levels of management in the agency
- data that is consistent, facilitates trend analysis and allows comparisons against objectives or benchmarks, and
- benchmarking and comparison of performance across different programs.

The monitoring team has an obligation to ensure that it reports accurately, objectively and in a timely manner on the delivery of grant program objectives.

Grant monitoring strategy

A grant monitoring strategy provides a methodology for agencies to evaluate the performance of recipients in achieving program objectives and includes assessment of a recipient's compliance with the provisions of the grant agreement executed between both parties. Agencies should seek to reduce the monitoring burden placed on grant recipients where possible, while not compromising the monitoring process.

In developing the methodology, agencies should, for example:

- ensure that the monitoring strategy effectively assesses compliance with program funding terms and conditions, and accounts for variations to program objectives or individual agreements

- consider the format of reporting by recipients (for example, for financial acquittals, recipients may be required to provide a profit and loss statements, cash flow projection/s or signed statutory declaration/s acknowledging compliance with the program's terms and conditions of the use of grant funds received)
- assess program administration risks which may include, for example, recipients' ongoing capacities to deliver program objectives, or the potential for fraud or misappropriation of grant funds
- ensure that performance targets and milestone reporting deadlines are achieved
- consider the frequency of reporting, and
- determine the circumstances for potential recovery of grant funds from recipients.

Useful techniques which may be incorporated into the monitoring program include:

- the use of stratified sampling, where all grants over a certain value are monitored, with random sampling of the remainder
- cooperation and communication with other agencies or bodies working in the same field, and
- retention of final payments to recipients until all obligations under the terms and conditions of the program have been met.

Financial acquittal and performance monitoring

There are two fundamental aspects of monitoring grant recipients – financial acquittal and performance monitoring. Financial acquittal determines whether relevant financial accountability procedures have been complied with, while performance monitoring determines the extent to which desired outcomes are being or have been achieved.

Regular reviews of the results of both financial and performance measures should assist the agency in assessing recipients' performance both progressively over the term of the agreement and at its conclusion. The results of acquittal/monitoring assessments may also be used to:

- inform future funding decisions (for example, a recipient's non-compliance with the terms of a grant agreement may be recorded to preclude that recipient from future funding opportunities), or
- enable benchmarking of similar recipients within or across grant programs (for example, to identify if a particular recipient has higher administrative costs in comparison to other recipients).

Financial acquittal

One of the tools used to assess recipients' compliance with grant program financial undertakings is the financial acquittal statement. The acquittal process requires a grant recipient to acknowledge that grant funds have been utilised in accordance with grant program terms and conditions. Acquittal statements may be prepared progressively over the term of a program, as well as at program's completion.

Acquittal requirements should be balanced against potential risks associated with funding, and compliance costs to both parties. As a means of reducing administrative costs, recipients may benefit from standard templates being provided by agencies for use in the preparation of acquittal statements. For individuals, smaller organisations or community groups, an appropriate acquittal statement may be an acknowledgement, signed by an authorised person, that the program's terms and conditions have been met.

Agencies will need to assess risks associated with specific grant disbursements and the circumstances under which they will require grant acquittal statements to be audited (by either internal or external audit). The terms of the grant agreement should specify when a grant acquittal statement is required to be audited and by whom. For example, the agency may assess that the risk of non-compliance with terms of a grant may be mitigated in part through the performance of an audit. However, agencies should remain cognisant that an audit can involve significant costs to a recipient, potentially eroding the value of the funding received, and limiting the ability of the recipient to achieve required grant outcomes. To ensure adequate accountability, agencies need to ensure that the financial monitoring requirements of each grant are consistent with the risks associated with the particular grant. These should be documented with the agency's grant management framework. Refer to [Information Sheet 6.6 – Documentation Requirements of Grant Management](#) which details the documentation requirements and associated types of audits which may be conducted on grant activity.

Agencies are required to comply with a directive from the former Council of Australian Governments (COAG) (now the National Federation Reform Council (NFRC)) to ensure any financial data requested from 'not-for-profit' recipients is based on the [National Standard Chart of Accounts](#), originally developed by the Queensland University of Technology and now administered by the Australian Charities and Not-for-profits Commission (ACNC).

Agencies should use the Chart of Accounts data dictionary when requesting financial information from all recipients, as consistent terminology will assist agencies in monitoring recipients, and increase opportunities for benchmarking to be undertaken.

Performance monitoring

Performance measures should be designed to allow for monitoring at any point in the program lifecycle and be linked to the achievement of milestones and key performance indicators set out in the grant agreement. This is often the case with environmental or business development programs where outcomes may not become apparent for some time. In such cases, it may be appropriate to report on intermediate outcomes or milestones that would have been incorporated in the grant agreement.

Related resources

- [Commonwealth Grants Rules and Guidelines 2017, Department of Finance](#)
- [Queensland Public Sector Intellectual Property Principles Factsheet](#)
- [National Standard Chart of Accounts, Australian Charities and Not-for-profits Commission](#)
- [Keep and manage specific records: Grants and grant funding, Queensland State Archives](#)
- [Managing Conflicts of Interest in the Public Sector](#)
- [Queensland Integrity Commissioner – can give written advice on ethics or integrity issues, including conflicts of interest](#)

Key Items for Consideration – Grant Program Administration

The following is a list of key items for agencies to consider so that the development and implementation of administrative controls and processes for grant programs have been established in response to government policy initiatives.

Please note that the below listing is not exhaustive and is considered to outline a summary of the key requirements of best practice grant program administration.

#	Item	Yes/No
1.	Do the application forms contain all the required information needed to make the appraisal?	
2.	Are the application forms understandable (i.e. written in plain English) and is guidance supporting their completion provided to the applicant/s?	
3.	Do the application forms comply with <i>Information Privacy Act 2009</i> and the <i>Right to Information Act 2009</i> ?	
4.	Is the grant appraisal process documented within the agency's grant management framework and is it transparent?	
5.	Are grant assessors aware of their obligation to make decisions that are free from political or unconscious bias and any other influences?	
6.	Has an appraisal methodology been developed that provides for the consistent application of the selection process, which enables the differences between the relative merits of each application to be determined?	
7.	Have relevant due diligence and probity checks reflecting the size, complexity and potential risks that may exist been established as part of the appraisal process?	
8.	Are the documentation requirements outlined in the agency's grant management framework sufficient to ensure that decisions made are transparent, equitable and are supported by adequate rationale?	
9.	Is the communication of the outcome of the grant appraisal process conducted in a timely manner?	
10.	Does the grant agreement include a written record of the terms and conditions including (at a minimum): <ul style="list-style-type: none"> a) roles and responsibilities b) funding provided c) required milestones d) key performance indicators e) monitoring and acquittal requirements 	

- f) relevant termination clauses and associated conditions
- g) dispute resolution processes, and
- h) specific terms and conditions required by legislation, regulation, Government policy, or at the Minister's direction¹² or similar requirements.

11. Does your agency grant management framework provide for how variation to the terms and conditions in a grant agreement is assessed?
12. Does your agency have recovery of funds procedures where moneys remitted to recipients need to be recovered? Are levels of recovery monitored periodically?
13. Does the monitoring team have access to appropriately validated databases to ensure information can be analysed in a way to include: <ul style="list-style-type: none"> a) monitoring the cost of the program b) identification of fraudulent use of grant funds c) both quantitative and qualitative information d) a format that aligns with periodic reports to relevant levels of management in the agency e) data that is consistent, facilitates trend analysis and allows comparisons against objectives or benchmarks, and f) benchmarking and comparison of performance across different programs.
14. Does your grant monitoring strategy evaluate the performance of recipients in achieving program objectives, and includes assessment of a recipient's compliance with the provisions of the grant agreement executed between both parties?
15. Will regular reviews of the results of both financial and performance measures be progressively assessed over the term of the agreement?

¹² Minister's direction must be in accordance with the powers conferred on them within relevant administered legislation.

Information Sheet 6.4 – Grant Program Evaluation and Analysis¹

Introduction

This Information Sheet is designed to assist agencies in the evaluation and analysis of the administration and results of grant programs. The process may include consideration of:

- the program evaluation team
- timing of the program evaluation
- the program evaluation process, and
- reporting of review findings.

Evaluation team

The role of the evaluation team is to provide an objective assessment of the results achieved by an agency in the delivery of grant program objectives. The appointment of team members should reflect the complexity, risks and potential sensitivity of the program. To ensure these objectives are met, agency officers appointed to the team should:

- have relevant expertise and experience to accurately assess the results achieved in the delivery of the program objectives, and
- include senior members of the agency management team, particularly in instances of high value grant programs or where it is deemed that the program scope, complexity and potential risk requires senior management oversight.

To ensure an objective evaluation is completed, the evaluation team should be sufficiently independent from the grant program administration or implementation team, and its recipients and beneficiaries whilst possessing sufficient degree of subject matter expertise. This may be achieved by peer review by staff from another agency, internal audit or the appointment of external consultants such as an independent probity advisor (especially for high value grant programs) to ensure integrity and transparency of the outcomes. The costs of appointing consultants need to be considered in relation to the benefits.

The evaluation team should also include representatives from the grant program to facilitate ownership of the evaluation process and acceptance of its findings and recommendations.

¹ Please note that Volume 6 relates to the management of grants and grant programs only. For information regarding what constitutes a grant expense for accounting purposes, refer to [Financial Reporting Requirements for Queensland Government Agencies](#), FRR 3E Distinction between Grants and Procurement Expenses.

Timing of evaluation

Based on an assessment of a program’s complexity and risk, agencies may, at any point during the grant program lifecycle, undertake an evaluation of agency progress in meeting grant program objectives.

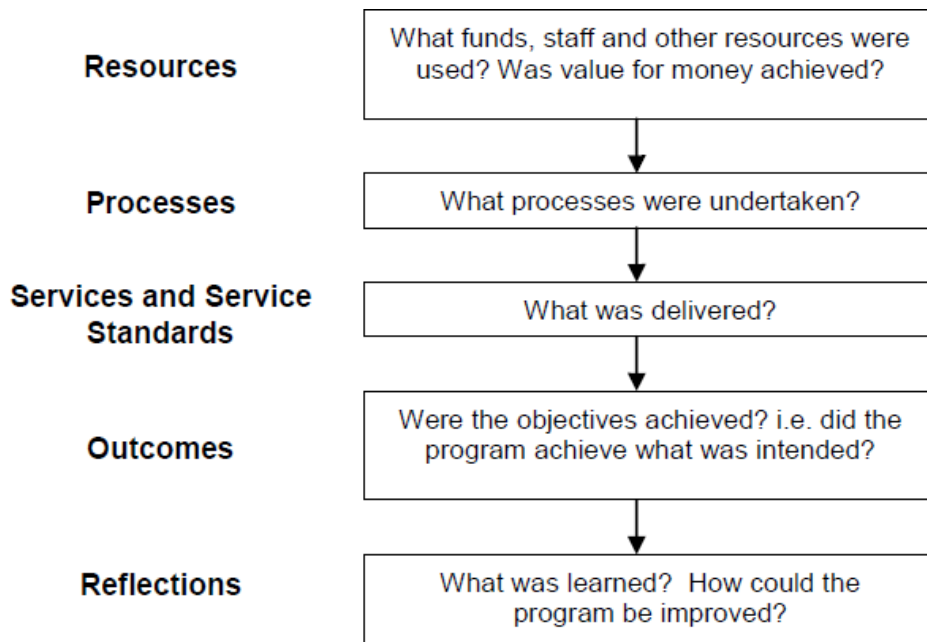
The evaluation process may begin early in the grant lifecycle, supported by progressive evaluations over the term of the program, and conclude with a final evaluation at program completion. For example, where an agency has established a program with strict eligibility criteria, agency management may require testing to ensure program eligibility criteria have been met when awarding program grant funds (i.e. accuracy of assessment).

The frequency of evaluation will depend on the results of the assessment discussed above, and while larger, more complex programs may require more frequent and in-depth assessments, smaller programs may only be subject to periodic evaluation.

A full assessment of the overall results achieved in delivering program objectives should be undertaken at the completion of the grant program.

Evaluation process

The evaluation process examines actual program outcomes against objectives established at the commencement of the program and the government’s overall policy objective. There should be consideration of the resources allocated to the program, the controls and processes used to allocate those resources, and the outcomes achieved in their delivery. The evaluation process is shown diagrammatically below and illustrates the elements that underpin the processes that ultimately determine the success of achieving program objectives.



One of the prime objectives of the evaluation process is to assess whether the original need underlying the program has changed. Periodic evaluations can identify the impact of changes that may be the result of, for example, a change in Government policy. Progressive evaluation provides an opportunity for management to implement and communicate appropriate corrective actions, as a means of achieving revised policy objectives.

Information systems should be available to collect data that can be used to provide necessary feedback required by management on the performance of the grant program. Agency databases should be structured to capture necessary information for use in the evaluation process.

A critical part of the evaluation and analysis process is an assessment of how well the grant program was administered. Examples of the criteria that may be used in the assessment of the administration process include (but are not limited to) whether:

- all internal controls and accountability mechanisms operated as intended
- quantum of appeals/complaints received from applicants regarding decisions made, which may indicate unfair or biased awarding of grants
- quantum of recoveries required (and its basis), which may indicate incorrect funding decisions or ineffective monitoring processes, and
- the performance measures adopted for individual grant recipients were adequate for monitoring the outcomes achieved.

It can be beneficial to involve grant application appraisers in the evaluation of the administration processes, to enable them to see the program outcomes and identify improvements that could be made to the initial appraisal process.

Reporting of review findings

At the completion of the program evaluation process, a report on the findings should be presented to the accountable officer or statutory body. The report should outline the outcomes expected (as established in the design phase - refer to [Information Sheet 6.2 – Grant Program Design](#)) and whether the desired outcomes were achieved for the value of the investment made. It should also detail any deficiencies noted, recommendations made and agency officer comments.

The program's evaluation report should:

- contribute to better program management through incorporating suggested improvements to grant program controls and processes
- provide greater accountability for the use of agency resources in the grant program by agencies and recipients
- result in more informed decision making through the provision of timely, accurate and appropriate information to agency management on program performance
- allow for refinement of program objectives where changes may have occurred in program objectives and circumstances
- assess the continued relevance of the program and whether outcomes have achieved stated Government objectives

- describe program deficiencies (for example, in the appraisal process, monitoring processes, or grant payment processes), their impacts, and provide suggested remedial actions
- assess the overall effectiveness, efficiency and economy of the use of agency resources in the delivery of grant program objectives
- assess the effectiveness of measures and processes defined at the commencement of the program, and
- clearly report the results achieved against Government policy objectives.

The report should be made available to the original approving person or body. Consideration could also be given (where appropriate) for evaluation findings to be shared more broadly across all Government agencies as a means of providing for greater transparency and access to data and information sharing that will support better planning and best practice in the delivery of agency grant programs.

Related resources

- [Queensland Government Program Evaluation Guidelines, Queensland Treasury](#)

Key Items for Consideration – Grant Program Evaluation and Analysis

The following is a list of key items for the agency to consider in the evaluation and analysis of grant programs including the evaluation process and the reporting of review findings.

Please note that the below listing is not exhaustive and is considered to outline a summary of the key requirements of best practice grant program evaluation and analysis.

#	Item	Yes/No
1.	Do the agency officers appointed to the evaluation team have the appropriate seniority, expertise and experience to accurately assess the results achieved in the delivery of the program objectives?	
2.	Is the grant program periodically assessed to determine whether the original need underlying the program has changed? (For example, periodic evaluations can identify the impact of changes that may be the result of a change in Government policy.)	
3.	Are information systems and databases sufficiently structured to enable the collection of data that can be used to provide necessary feedback required by management on the performance of the grant program?	
4.	<p>A critical part of the evaluation and analysis process is an assessment of how well the grant program was administered. Have the following factors been incorporated into (however not limited to) the assessment of the grant administration process contained within the agency's grant management framework:</p> <ul style="list-style-type: none"> a) Have all internal controls and accountability mechanisms operated as intended? b) Were many appeals received from applicants regarding decisions made? (This may indicate unfair or biased awarding of grants.) c) Were recoveries required? (This may indicate incorrect funding decisions or ineffective monitoring processes.) d) Were the performance measures adopted for individual grant recipients considered adequate for monitoring the outcomes achieved? 	
5.	<p>At the completion of the program evaluation process, a report on the findings should be presented to the Accountable officer or statutory body. Does the report outline:</p> <ul style="list-style-type: none"> a) outcomes expected and achieved for the value of the investment made? b) any deficiencies noted? c) recommendations based on lessons learnt and agency officer comments? 	
6.	Has the program evaluation report been made available to the original approving person, body and to those directly involved in the grant evaluation process?	

Information Sheet 6.5 – Roles and Responsibilities of the Minister, Accountable Officer (or delegate) and Agency Staff

Introduction

This Information Sheet is designed to assist agencies in clarifying the roles of those involved in the grant management process. It should be read in conjunction with the rest of this handbook.

Agencies must have regard to¹ the establishment of a robust governance framework at the commencement of a grant program which clearly defines the roles and responsibilities of the various participants, including the Minister and accountable officer². This should be reflected in the agency's grant management framework. This ensures accountability, transparency and clarity throughout each phase of the grant administration process.

Minister

*The Queensland Ministerial Handbook – Ministerial Code of Conduct*³ (Ministerial Code of Conduct) states Ministers are responsible individually to Parliament. Ministers have a duty to Parliament to be accountable, and be held to account, for the policies, decisions and actions of themselves and their departments and agencies.

The Ministerial Code of Conduct also details some very important obligations that Ministers must fulfil, including fairness, integrity and accountability.

Ministers must observe fairness in making official decisions. They are to act honestly and reasonably, taking proper account of the merits of the matter, and giving due consideration to the rights and interests of the persons involved, and to the public interest. They should observe procedural fairness and natural justice, to the greatest extent possible.

Ministers must make decisions, and be seen to make decisions, with the objective of advancing the public interest. Ministers must ensure that there is a clear delineation between the activities of their portfolio including all government boards (e.g. statutory bodies) and that of their political party.

The department's annual appropriation is approved by the Parliament each year. Funding required for programs including grants is either approved by Cabinet Budget Review Committee (CBRC), or departments may allocate internal funding to a new grant program. It is the Minister's role to bring any submissions to CBRC. However, it is the accountable officer's role (i.e. Director-General) to manage their department's funding.

The Minister's involvement in the grant administration process is in the "approve funding" and "design grant program" phases (refer Information Sheet 6.1 Figure 2 Phases of the Grant Process). It is imperative that agencies clearly define and document the role of the Minister at the beginning of each grant program within its grant management framework.

¹ Defined in section 5 of the *Financial Management Performance Standards 2019*.

² Defined in sections 65, 66 and 67 of the *Financial Accountability Act 2009* and includes their delegate.

³ The [Queensland Ministerial Handbook](#) – Appendix 1 Ministerial Code of Conduct, December 2020, Department of the Premier and Cabinet.

To achieve fairness and independent decision making, the Minister should not be involved in a grant program beyond the “design grant program” phase (refer Information Sheet 6.1 Figure 2 Phases of the Grant Process). This ensures the public defensibility and transparency over the decision making process, particularly any conflict of interest considerations (including actual or perceived conflicts). Specific ministerial role and responsibilities is discussed further in [Information Sheet 6.5 – Roles and Responsibilities of the Minister, Accountable Officer \(or delegate\) and Agency Staff](#).⁴

Specific Ministerial Involvement

The *Financial Accountability Act 2009* (the FA Act) and its subordinate legislation are focussed upon the responsibilities of accountable officers in the management of their department. Under the FA Act, all financial authority rests with the accountable officer, statutory body or officers to whom approval authorities have been delegated. As a result, Ministers do not have the legislative authority to approve payments.

However, there may be limited circumstances where Government policy or agency specific legislation provide the Minister with approval authority.

Ministers may have an overarching involvement in the grant program during the “approve grant program commencement” phase (per Information Sheet 6.1 Figure 2 Phases of the Grant Process). The Project Commencement Approval Policy requires Ministerial approval on grants from a **department** to a single recipient that total over specified approval levels which is in excess of the accountable officer or delegate’s approval level. This is an administrative approval under the Project Commencement Approval Policy as opposed to a departmental expenditure approval. In such case, agencies must develop guidance and policies on how approval and feedback from a Minister is documented. More details are discussed below and [Information Sheet 6.6 – Documentation Requirements of Grant Management](#).

To ensure independence of the grant process and to overcome any actual or perceived conflict of interest issues, the Minister must rely on departmental processes for the delivery of grant outcomes, similar to good procurement⁵ or recruitment practices, which rely on an appointed panel to recommend the successful applicant.⁶

The Minister may be advised of the outcome of the assessment process and the successful grant applicants such as via a briefing note with an emphasis on noting the outcome/s only. The Minister should not have the need to change a recommended list of grant recipients as the selection process undertaken by the agency would have been based on approved selection criteria. The Minister may have had the opportunity to provide feedback on the selection criteria during the grant design process/stage.

In the unlikely event that a Minister identifies an error, the details of why the Minister considers the assessment or selection to be an error must be clearly documented. The error must be investigated, and a reassessment undertaken by the accountable officer, rather than the Minister requesting a change to the recommendation.

Any reassessment processes and any changes (if warranted) must be clearly documented and must be verifiable and supported by valid reasons. The absence of adequate documentation may be viewed as decisions being made with a lack of integrity, transparency, probity, and could represent a significant conflict of interest. Accountable officers should ensure that an appropriate due diligence process on any changes made is undertaken.

⁴ Legislative authority in this context refers to departmental grant programs.

⁵ Refer to [Procurement Governance Frameworks](#) for Queensland Government

⁶ [Queensland Audit Office Information Brief – Awarding of Sports Grants September 2020, Queensland Audit Office](#)

The purpose of the Minister’s involvement in the grant administration process is to ensure the department’s operations are aligned with government policy.⁷ Ministers have an obligation to ensure that the Government’s objectives are being met by the grant program.

Accountable Officer (or delegate) and Agency Staff

The FA Act and its subordinate legislation states the accountable officer is responsible for ensuring that the operations of the department are carried out efficiently, effectively, and economically in the delivery of departmental services to achieve government policy. Under the FA Act, all financial authority rests with the accountable officer (or delegate).

In cases where the financial approval to pay the grant and approval of successful recipient/s is provided by the same person, relevant approval documentation needs to *separately⁸ and clearly record the approval of the selected grant recipients and the financial approval.*

Agency staff perform the assessment and evaluation of grant applicants, monitor compliance with grant program guidelines and report on whether grant program objectives have been achieved.

Role of Participants for each Phase on the Grant Process

Figure 2 of [Information Sheet 6.1 – Definition and Framework](#) outlines the phases of the grant process. The role of the Minister, the accountable officer (or delegate) and agency staff during each phase of the grant process is as follows:

Table 1 Role of Participants for each Phase of the Grant Process

Phase	Role of Minister ⁹ , Accountable Officer (or delegate) and Agency Staff
1. Approve Funding (for grant program)	The department’s annual appropriation is approved by the Parliament each year. Funding required for programs including grants is either approved by Cabinet Budget Review Committee (CBRC), or departments may allocate internal funding to a new grant program. It is the Minister’s role to bring a submission to CBRC whereas it is the accountable officer’s (i.e. Director-General) role to manage their department’s funding.
2. Design Grant Program (refer Information Sheet 6.2 – Grant Program Design for further information)	The Minister may provide input via recommendations in the grant program design phase such as the establishment of eligibility rules or assessment criteria to ensure it aligns with policy objectives. The Minister’s involvement should be clearly justified and documented to ensure transparency and public defensibility of decision making and to negate any or perceived conflict of interest issues. The Minister’s role is to ensure the strategic objectives of the government are being met.
3. Approve grant program commencement**	Agencies must consider CBRC and Cabinet outcomes when obtaining the relevant approvals to commence the program, for example if the outcome is subject to particular conditions being satisfied prior to funding being released.

⁷ [Queensland Audit Office Information Brief – Awarding of Sports Grants September 2020, Queensland Audit Office](#)

⁸ The separate processes may still be contained in the one schedule/approval brief.

⁹ The role of the minister refers to their role in the context of departmental grant programs and is distinct from their ministerial role overseeing their ministry.

	Governor in Council (GiC) or Minister approval may be required by departments under the <i>Project Commencement Approval Policy</i> ¹⁰ which is an administrative approval as opposed to a financial expenditure approval.
4. Advertise Guidelines Online (refer to Information Sheet 6.3 – Grant Program Administration for further information)	The Minister may be involved in the launch or promotion of a grant program such as a media release. However, the accountable officer (or delegate) is responsible for advertising the program online as this process is the mechanism by which grant applications will be received which must be under the control of the agency. Only agency contact details (e.g. email and phone) would be included on the website.
5. Receive Applicants’ Submissions (refer to Information Sheet 6.3 – Grant Program Administration for further information)	Grant applications should only be received via the approved application process such as via an online portal. A grant administration team comprising of agency staff is responsible for administering the application process. No applications should be received by the Minister or Minister’s office.
6. Assess and recommend applications** (refer to Information Sheet 6.3 – Grant Program Administration for further information)	The complete assessment process including the recommendations of successful applicants must be carried out by the appointed staff ¹¹ e.g. an assessment team and progressed for approval by the accountable officer or delegate. As the Minister has the opportunity to provide input during the grant design phase on the selection criteria the Minister must not assess or recommend applications. The Minister must rely on the agency to undertake this process.
7. Give financial approval to award and pay grants (refer to Information Sheet 6.3 – Grant Program Administration for further information)	Under the FA Act, all financial authority rests with the accountable officer, statutory body or officers to whom approval authorities have been delegated. The Minister must not approve awarding or payment of grants. In cases where the delegate who gives financial approval to make payment of the grant and approval of successful recipient/s is the same person, the appropriate approval documentation must clearly refer to both approvals i.e. both approval of awarding of grants and payment of grants must be obtained.
8. Pay grant recipients	Once the financial approval is received from the accountable officer or delegate, the payment may be processed by the relevant agency officer. All payments should be made in accordance with grant program terms and conditions, milestones and other performance targets.
9. Monitor and acquit grants (refer to Information Sheet 6.3 – Grant Program Administration for further information)	Monitoring a grant program is the responsibility of agency staff who have knowledge of the grant program and expertise appropriate to the size and complexity of the program. The monitoring team may include officers that were part of the grant administration team.

¹⁰ [Project Commencement Approval Policy](#), Queensland Treasury

¹¹ This may be internal agency staff, contractors or external panel members. If the review is conducted by external panel members or contractors, appropriate oversight needs to be provided by the agency.

10. Evaluate grant program	An evaluation team comprising of agency staff is responsible for evaluating the grant program and providing regular updates as the program progresses to each major stage or milestone to the accountable officer. This includes presentation of the final report of review findings. The evaluation team should include senior officers of the agency and should be independent from the assessment and monitoring team where practical.
(refer to Information Sheet 6.4 – Grant Program Evaluation and Analysis)	

****Application of [Project Commencement Approval Policy](#) in relation to Grant Management**

Under the Project Commencement Approval (PCA) Policy, grants from a department to a single recipient that total over the delegated approval levels fall within the scope of the PCA policy. PCA approval may be required at either phase 3 or phase 6 outlined in the above table. For example:

- if it is known at the commencement of the grant program that the value of grants to a single recipient will be between \$5 million and \$10 million Minister approval will be required, alternatively, if the value of grants to a single recipient will be \$10 million or more Governor in Council (GiC) approval will be required i.e. at phase 3 above.
- if it was not known at the commencement of a grant program that the value of grants a single recipient would total over the delegated thresholds but when assessing and recommending applications it becomes known that cumulatively grants to a single recipient will be between \$5 million and \$10 million then Minister approval will be required, alternatively, if the value to a single recipient will be \$10 million or more GiC approval will be required i.e. at phase 6 above.

Involvement of participants during each phase of the grant process

Figure 2 of [Information Sheet 6.1 – Definition and Framework](#) outlines the phases of the grant process. The involvement of the Minister, the accountable officer (or delegate) and agency staff during each phase is summarised in the below table. *Table 2 must be read in conjunction with the related detailed information provided in Table 1 above and throughout Volume 6 of this Handbook.*

Table 2 Summary of involvement of Participants during each phase of the grant process

Phase	Minister ¹²	Accountable Officer (or delegate)	Agency Officer
1. Approve funding (for grant program)	✓	✓	✗
2. Design grant program	✓	✓	✓
3. Approve grant program commencement	✓	✓	✗
4. Advertise guidelines online	✗ ¹³	✓	✓
5. Receive applicants' submissions	✗	✓	✓
6. Assess and recommend applications	✗	✓	✓
7. Give financial approval to award and pay grants	✗	✓	✓
8. Pay grant recipients	✗	✓	✓
9. Monitor and acquit grants	✗	✓	✓
10. Evaluate grant program	✗	✓	✓

Related resources

- [Queensland Audit Office Information Brief – Awarding of Sports Grants September 2020, Queensland Audit Office](#)
- *Financial Accountability Handbook Volume 1; Information Sheet 1.6 Obtaining and Documenting Ministerial Decisions, Queensland Treasury*
- [The Queensland Ministerial Handbook](#)

¹² The role of the minister refers to their role in the context of departmental grant programs and is distinct from their ministerial role overseeing their ministry.

¹³ Unless this step includes a media release in which case the Minister may be involved and have input into the media content.

Information Sheet 6.6 – Documentation Requirements of Grant Management

Introduction

This Information Sheet is designed to assist agencies in relation to best practice record keeping requirements related to grant activities, including:

- documentation of all decisions
- how long to keep grant funding related records
- record keeping for audit and compliance obligations
- performance audits, and
- follow-the-dollar audits.

Documentation of decisions

All Queensland Government grant programs involve the use of public money. Transparency in how funds are allocated and accountability for how public moneys are used is essential to maintain public trust and confidence in the integrity of the government's decision making processes.

Agencies must capture records about the grant management process at each stage. Decision makers should document the reasons for decisions in awarding or not awarding grants to ensure decisions are transparent and defensible and manage any perception of inequitable awarding of grants.¹

Grants administration should include clear accountability for all parties involved, including defining the respective roles of Ministers and the public service. This should be reflected in the agency's grant management framework which includes grant guidelines, policies and procedures. The role of the Minister should to be defined at the beginning of each grant program.²

Documentation of Interactions with Minister

The Minister may be involved in the grant process, to provide approval to commence a grant program, or give feedback on the design of the grant program. The purpose of the Minister's involvement is to ensure the department's operations are aligned with government policy.³ Any actions to be undertaken by agency officers to implement any recommendations made by the Minister (e.g. recommendations in relation to grant program design) should be documented however the Minister should rely on departmental processes for the delivery of grant outcomes (e.g. selection of grant recipients).

¹ [Queensland Audit Office Information Brief – Awarding of Sports Grants September 2020, Queensland Audit Office](#)

² Refer to *Information Sheet 6.5 Role of Roles and Responsibilities of the Minister, Accountable officer (or delegate) and Agency Staff* for further details on role of Minister

³ [Queensland Audit Office Information Brief – Awarding of Sports Grants September 2020, Queensland Audit Office](#)

The Minister may be advised of the outcome of the assessment process and the successful grant applicants such as via a briefing note “for noting” only. Any briefing note provided to the Minister needs to clearly state what is being requested i.e. the briefing note should clearly state in its recommendation that it is seeking to ‘approve’ or to ‘note’. Any feedback from the Minister would need to be appropriately documented by the agency.

The absence of documentation or lack of clarity in documenting decisions has the potential to open up the grant process and/or the Minister⁴ to accusations of bias or favouritism.

Documentation for each Phase of the Grant Process

Figure 2 of [Information Sheet 6.1 – Definition and Framework](#) outlines the phases of the grant process. The documentation requirements for each phase of the grant process are to ensure accountability and transparency. Table 1 must be read in conjunction with the related information sheets referenced under each phase. Please note that the examples provided are **not** exhaustive and documentation may differ based on the complexity of the grant program.

Table 1 Example Documentation Requirements for each Phase of the Grant Process

Phase	Example documentation requirements
1. Approve Funding (for grant program)	<p>Cabinet Budget and Review Committee (CBRC) funding for a grant program is evidenced by a CBRC submission and the CBRC decision.</p> <p>Funding approved via the annual Budget process is evidenced by the Budget submission and Budget outcome letter.</p> <p>The CBRC decision or Budget outcome letter may include conditions that must be met prior to funding being made available.</p> <p>Internal funding allocation for a grant program would be evidenced by an internal briefing note approved by the accountable officer (or delegate).</p>
2. Design Grant Program (refer Information Sheet 6.2 – Grant Program Design for further information)	<p>The agency’s grant management framework should document the eligibility rules; reporting mechanisms; accountability mechanisms (i.e. who is responsible for what and to whom); processes for evaluating the performance of the program; roles and responsibilities of various participants; risk and performance management.</p> <p>A briefing note to the accountable officer (or delegate) would provide evidence of approval of the grant management framework.</p>
3. Approve grant program commencement	<p>Program commencement approval by the accountable officer would be evidenced by a briefing note including any relevant supporting documents.</p> <p>Ministerial approval for commencement of the grant program, if required, would be evidenced by a Ministerial briefing note also supported by relevant documentation. Governor in Council (GiC) approval, if required, is evidenced by</p>

⁴ With respect of Ministerial decisions more generally, Information Sheet 1.6 Obtaining and Documenting Ministerial Decisions from the handbook provides specific guidance on interactions between the department and Minister.

	an Executive Council Minute. For Ministerial and GiC approval requirements refer to the Project Commencement Approval Policy ⁵ .
4. Advertise Guidelines Online (refer to Information Sheet 6.3 – Grant Program Administration for further information)	The communication strategy approved by the accountable officer would be evidenced by a briefing note. The briefing note should outline the rationale for the mediums to be used such as internet, special events, agency publications, and public launches or announcements and include any cost implications.
5. Receive Applicants’ Submissions (refer to Information Sheet 6.3 – Grant Program Administration for further information)	The agency’s grant management framework should include: <ul style="list-style-type: none"> • the mandatory requirements to be met by applicants if they are to receive grant funding, with details of how the eligibility rules are consistent with program objectives and are unambiguous and transparent • details of the in-built validation checks if online application forms are used, • how confirmation of lodgement is provided to the applicant and validation that it was received within the required timeframe, and • how requirements of Queensland State Archives are complied with.
6. Assess and recommend applications (refer to Information Sheet 6.3 – Grant Program Administration for further information)	<p>A briefing note with a list of recommended applicants must be approved by the accountable officer or delegate which is adequately supported by evidence of how assessed criteria has been met.</p> <p>A list of successful applicants may be provided to the Minister such as via a briefing note for noting only. The briefing note must clearly state that the Minister is noting the list of successful applicants only not approving the list.</p> <p>The appraisal process utilised is be documented in the agency’s grant management framework including how its process is publicly defensible.</p> <p>The assessments conducted on each individual application need to be adequately documented to ensure that decisions are transparent and defensible and support equitable awarding of grants.</p>
7. Give financial approval to award and pay grants (refer to Information Sheet 6.3 – Grant Program Administration for further information)	<p>Relevant approval documentation such as a briefing note obtaining accountable officer or delegate approval must separately record approval of the selected/successful grant recipients and the financial approval to pay the grant.</p> <p>This briefing note should include any payment conditions such as to remit funds in advance, arrears or for an urgent need or any other variation to the terms and conditions in an agency’s standard grant agreement.</p> <p>Internal controls to ensure that payments are made in accordance with grant program terms and conditions and are approved by appropriate agency officers should be documented in the agency’s grant management framework.</p>
8. Pay grant recipients (refer to Information Sheet 6.3 – Grant	Once documented approval of the successful grant recipients and the financial approval to pay is received from the accountable officer or delegate the payment can be processed by the relevant agency officer.

⁵ [Project Commencement Approval Policy](#), Queensland Treasury.

<p>Program Administration for further information)</p>	<p>The grant agreement provides the agency and the recipient with a written record of the terms agreed and executed between both parties and includes details such as funding provided, specific conditions and key milestones. The conditions which need to be satisfied in these circumstances need to be documented in the agency's grant management framework. The risk assessment and the rationale for the payment need to be documented to ensure they are defensible.</p>
<p>9. Monitor and acquit grants (refer to Information Sheet 6.3 – Grant Program Administration for further information)</p>	<p>To ensure consistency, monitoring processes to be undertaken and any service standards such as timeframes for each process in the agency assessment should be documented in the agency's grant management framework and made available to all staff engaged in the monitoring function.</p> <p>The monitoring team would prepare a regular review(s)/report(s) to assess the financial and performance measures of the recipient against objectives and compliance with the grant agreement. This would occur progressively over the term of the agreement.</p>
<p>10. Evaluate grant program (refer to Information Sheet 6.4 – Grant Program Evaluation and Analysis)</p>	<p>At the completion of the program evaluation process, the program evaluators would prepare a report on the review findings to be presented to the accountable officer or statutory body. This report should outline outcomes expected and achieved for the value of the investment made. It should also detail any deficiencies noted, recommendations made and agency officer comments. The report should be made available to the original approving person or body.</p>

Specific Documentation Requirements for Non-Government Organisations

If grant recipients are non-government organisations (NGOs) that receive public money, regard must be given to how these entities create and maintain records about how they use grants. These requirements must be incorporated into the grant agreement to ensure accountability of how public moneys are used.

How Long to Keep Grant Funding Related Records⁶

Records relating to grant funding are covered in section 1113 and 1114 of the General Retention and Disposal Schedule (GRDS):

- successful grant applications must be kept for a minimum of seven years after funding ceases,
- unsuccessful grants applications must be kept for a minimum of two years after the closing date of the funding round.

Records relating to grant funding may also be covered by your agency specific or sector retention and disposal schedules. Agencies need to determine which schedule to use when records are covered by multiple schedules.

For core business records not covered by the GRDS, agencies should refer to their agency-specific or sector retention and disposal schedules for record retention requirements.

⁶ [Grant and grant funding records](#), Queensland State Archives

Recording Keeping for Audit and Compliance Obligations⁷

Probity and transparency in grant program administration reflects ethical behaviour, in line with public sector values and duties. It should incorporate appropriate internal and fraud control measures, to ensure that decisions relating to granting activities are impartial, appropriately documented and publicly defensible. Probity audits review internal and fraud control measures designed and implemented by management. Other audits which may be performed include performance audits and follow- the-dollar audits.

Performance Audits

Section 37A of the *Auditor-General Act 2009* provides that the Auditor-General may undertake a performance audit of any or all activities of an agency. Performance audits provide Parliament and the community with independent assurance that public money has been spent wisely and that the results meet Parliament's expectations. This is completed by assessing whether an entity, program or activity is achieving its objectives economically, efficiently, effectively and in compliance with relevant laws. Performance audits do not question the merits of policy objectives, just how well they are being achieved.

Follow-the-Dollar Audits

Section 36A of the *Auditor-General Act 2009* provides that the Auditor-General may conduct an audit of a matter relating to property that is, or was, held or received by a public sector entity and given to a non-public sector entity (for example, funding provided under a grant agreement). The objective of conducting these audits includes deciding whether the property has been applied economically, efficiently and effectively for the purposes for which it was given to the non-public sector entity.

Related resources

- [Queensland Audit Office Information Brief – Awarding of Sports Grants September 2020, Queensland Audit Office](#)
- *Financial Accountability Handbook Volume 1 Information Sheet 1.6 Obtaining and Documenting Ministerial Decisions, Queensland Treasury*
- [Grants and grant funding records, Queensland State Archives](#)
- [General Retention and Disposal Schedule, Queensland State Archives](#)

⁷ ANAO – Implementing Better Practice Grants Administration (2013 – now withdrawn)

Key Items for Consideration – Documentation Requirements for Grant Management

The key items of consideration outlined below is to assist agencies in the documentation requirements for grant management.

Please note that the below listing is not exhaustive and is considered to outline a summary of the key requirements of best practice documentation requirements for grant management.

#	Item	Yes/No
1.	Has the agency captured (via documentation in its grant management framework) all grant information related to the following? a) Grant program eligibility and selection criteria b) Final selection of grant recipients c) Approval of grant recipients (including decision/reason of both successful and unsuccessful recipients), d) Financial approval of expenditure	
2.	Has the information in item 1 above been captured in a transparent and accountable manner?	
3.	Are any grant recipients non-government organisations (NGOs)? If yes, has additional information requirements been incorporated into the grant agreement to ensure accountability of how public money has been used is achieved?	
4.	Has the agency ensured that records relating to grant funding are maintained and kept in compliance with the General Retention Disposal Schedule?	
5.	Are records retained reflective of decisions and considered to be appropriately documented to enable them to be publicly defensible?	
6.	Do the records retained meet Queensland State Archives obligations and any other relevant compliance obligations?	

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