

1.0 Purpose

This policy sets out Grassroots Trust Central Limited's ("GTCL") grants accountability and audit criteria.

As a corporate society that operates to distribute net proceeds to the community, GTCL must, at least annually, review the criteria, methods, systems, and policies it uses for consideration of applications for the distribution of net proceeds (section 109, Gambling Act, 2003). The results of the review must be published on GTCL's website.

'A licence holder must use its best endeavours to obtain the return of money distributed to a grant recipient if the licence holder has information that the grant recipient:

- a) has received funding from another source for the same specific purpose as the purpose for which the money was distributed; or
- b) has not used the money for the specific purpose for which it was distributed.'

(Gambling (Class 4 Net Proceeds) Regulations 2004, Regulation 12).

2.0 Revision History

Date	Revision No.	
September 2006	1.0	New Document – Audit Policy
February 2009 – January 2017	1.1-1.6	Revised
August 2020	2.0	Renamed, Revised and Rebranded
March 2021	2.1	Revised

3.0 People/Areas Affected

- Members of the Board of Directors
- All employees/contractors working for or on behalf of GTCL
- Grant Applicants/Recipients
- Department of Internal Affairs

4.0 Policy

4.1 Compliance

GTCL will comply with all aspects of the Gambling Act 2003 and any associated regulations.

4.2 Accountability Requirements

4.2.1 GTCL will review all approved grants for accountability compliance.

4.2.2 Grant recipients must use the grant funds for the specific purpose for which they were granted, and in accordance with the conditions specified in the grant application and grant approval letter.

- 4.2.3 Overseas suppliers cannot be used to purchase items in the specific purpose approved unless in exceptional circumstances.
- 4.2.4 Accountability reports will not be accepted unless the report is completed in full through GTCL's online accountability process.
- 4.2.5 For funding toward project, activity or operational expenses, grant recipients must return paid invoices and actual bank statements showing proof of payment to GTCL as soon as reasonably possible, but no later than six months following grant money being received.
- 4.2.6 For funding toward salary/wage contributions, grant recipients must return a signed salary/wage declaration form confirming that the funds were only spent on the purpose for which they were granted, and that all legal obligations including IRD deductions have been met. Grant recipients must also keep on file their supporting documentation that confirms the salary spend in case they are audited. This documentation includes their IR employment information, and bank statements showing all salary/wage payments to the staff member, and IRD deduction payments made to IRD.
- 4.2.7 Funds must be spent from the account in which they were deposited.
- 4.2.8 If the specific purpose does not proceed and/or a funding surplus exists, the funds must be returned to GTCL by direct credit within 5 working days of the grant recipient becoming aware of the cancellation or surplus.
- 4.2.9 If the funds have not been spent on the specific purpose for which it was granted (and have not been returned), and/or the grant conditions have not been adhered to, the grant recipient commits a breach of section 115A of the Gambling Act 2003.
- 4.2.10 If acceptable evidence is not provided proving that the grant funds have been spent in accordance with the Approved Specific Purpose, the funds must be returned to GTCL within 5 working days of being requested by GTCL.
- 4.2.11 GTCL or employees/contractors working on behalf of GTCL may at any time request further accountability documentation to ensure funds have been spent appropriately.
- 4.2.12 If there is a change in staff member for a role that has been funded, prior approval to use these funds for the new staff member must be sought. A signed employment agreement and position description for the new staff member must be provided for this request to be considered. If funds are spent without prior written approval, a refund will be required.
- 4.2.13 Grant recipients can use a supplier of their choosing, however the items purchased must be the same specific items listed in their Approval Letter. If the funding is spent on anything other than the approved specific items, a refund will be required.
- 4.2.14 If a grant recipient has underspent on one approved line item of their specific purpose approved, they cannot transfer the surplus funds to another approved line item. If a surplus occurs, a refund will be required.
- 4.2.15 Funds cannot be used to reimburse any employee or member of grant recipient for money spent on the specific purpose approved. This includes payments made by personal credit cards.
- 4.2.16 GTCL will not make a grant to any organisation that has outstanding or overdue grant accountability documentation or refunds owing to GTCL.

- 4.2.17 Where information is received indicating that a grant recipient has received funding from other source(s) for part of or the full amount needed for the same specific purpose, a refund will be required.
- 4.2.18 If a refund is requested, the grant recipient must return this money to GTCL by direct credit within 5 working days of the request or any longer period agreed to by GTCL.
- 4.2.19 GTCL or employees/contractors working on behalf of the Trust may at their discretion apply a small balance write-off of up to \$20 when the time and effort in recovery exceeds the benefit by collecting the refund.
- 4.2.20 GTCL or employees/contractors working on behalf of GTCL may at any stage during the accountability process, seek to verify supplier invoices. If it is found that supplier invoices have been unlawfully obtained or edited, the following process will be followed:
- a. All incidents will be considered on a case by case basis.
 - b. Minor incidents are likely to result in both the applying person and/or organisation being declined future funding.
 - c. If the incident is of a serious nature, the incident will be referred to the Police and Department of Internal Affairs.
- 4.2.21 If the grant recipient has breached section 115A of the Gambling Act 2003 (failed to spend the funds on the specific purpose granted and/or breached a grant condition) and the money has not been returned, GTCL will consider referring the matter to an external agent for recovery action, and/or to the Police or the Department of Internal Affairs for prosecution.
- 4.2.22 Any costs incurred from recovery action will remain the liability of the grant recipient.
- 4.2.23 The timeframes set out in this policy may be reduced or extended at GTCL's discretion.

4.3 Auditing Requirements

- 4.3.1 GTCL may audit approved project, activity, and operational cost grants annually.
- 4.3.2 The audit may include visiting the grant recipient, verifying invoices provided by suppliers, and independently verifying that the stated goods and services have been provided to the organisation.
- 4.3.3 If it is found that supplier invoices have been unlawfully obtained or edited, or the goods and services stated were not provided, the following process will be followed:
- a. All incidents will be considered on a case by case basis.
 - b. Minor incidents are likely to result in both the applying person and/or organisation being declined for future funding.
 - c. If the incident is of a serious nature, the incident will be referred to the Police and Department of Internal Affairs.
- 4.3.4 Any items purchased in relation to a grant must remain the property of the grant recipient and made available for inspection if requested.
- 4.3.5 GTCL or employees/contractors working on behalf of GTCL may at any time request further documentation to ensure an application is compliant.

4.3.6 GTCL may further audit approved salary/wage contribution grants annually to confirm that the funds were only spent on the purpose for which they were granted, and that all legal obligations including IRD deductions have been met.

4.4 Complaints

4.4.1 Complaints can be made to GTCL's Chairman in writing to PO Box 9380, Hamilton or by email info@grassrootstrust.co.nz.

4.4.2 GTCL will acknowledge receipt of all complaints, advising complainants of their rights to complain to the Department of Internal Affairs if they are unsatisfied with the way their complaint has been handled.

4.4.3 GTCL will investigate all complaints and will respond in writing within 15 working days of receipt.

4.4.4 All complaints and their investigation findings will be reported to the Board.

4.4.5 Complaints about the conduct of GTCL may also be made direct to the Secretary of the Department of Internal Affairs at: PO Box 10-095, Wellington or by email gambling@dia.govt.nz.

4.5 Record Keeping

4.5.1 Grant accountability reports and all supporting information will be retained by GTCL.

4.5.2 GTCL's records may be inspected and audited by the Department of Internal Affairs and GTCL is required to provide details for the relevant grants to the Department of Internal Affairs.



Approved by Grassroots Trust Central Limited Board

18 / 05 / 2021