

UNDERSTANDING FINANCES #2

Funding Accountabilities

28 April 2023

Socialink
Tūhono Pāpori | Western
Building a Thriving Social Sector | Bay of Plenty



admin
assist

Documentation from the funder

Check correspondence from the funder for:

- Date of funding decision / approval
- Reporting timeframes
- Any restrictions on what funding can be spent on vs what was requested
- GST content (if any)

Use the date the funding is approved as the start date, not the date funding is received

ACCOUNTING FOR GST

If your organisation is **GST registered**, generally your budget and the amount applied for will exclude GST.

If your organisation is **not GST registered**, your budget should include GST where GST is charged and the amount applied for will include GST.

NOTE

GST will be included with payments from some funders regardless of your GST registration status

Examples: Lotteries, COGS, Creative Communities, Government Contractors and generally council funding

For GST Registered organisations, allocate the GST when funds are received but reconcile the funding exclusive of GST

EXAMPLE 1



THE LION FOUNDATION - AUDIT SUMMARY REPORT

Return attention to: The Lion Foundation Audit Team
Freepost 3137, Private Bag 106605, Auckland City, Auckland 1143
Level 2, Custom House, 50 Anzac Avenue, Auckland 1010
Phone: 0800 802 908 Fax: 09 488 7747 Web: www.lionfoundation.org.nz

Grant No:	9039146	Approval Date:	25/01/2023
Name Of Organisation:	ABC Foundation		
Grant Amount Funded:	\$10,000.00		
Authorised Purpose:	towards delivery costs of the SXYZ programme 2023 (excl GST, Project Co-ordinator wages & movie screening)		

GST Registered: YES NO

IMPORTANT:

Please send the completed form together with all invoices & bank statements in the order listed (please use another sheet when required).

Name Of Supplier:	Invoice#	Gross\$ (for wages)	Amount\$ (Incl GST)	Amount\$ (Ex GST)	Chq# / Date

Approval Date is the date you can start spending funds

Authorised Purpose will confirm what you can use the funds for.

Double check the Authorised Purpose against your funding application as the funder may not have approved spending the funds on everything requested in your funding application

EXAMPLE 2

30-Nov-2022

ABC Foundation

Dear Joe Blogs

We are to inform you that your application (GA221020-358B) for a grant has been approved. The amount of \$15,000.00 will be deposited into your nominated bank account within 7 working days for the specific purpose of this grant.

It is important that you adhere to the terms of the approved grant and only spend this for the specific items approved in the grant breakdown below.

IMPORTANT INFORMATION ABOUT YOUR GRANT. PLEASE READ CAREFULLY

You can spend a total of \$15,000.00 towards any of the items listed in the table below, but not more than the amount specified against any one item. You can spend the approved amount over a selection of items but only up to \$15,000.00 being the full amount of your grant.

Grant Number:	GF221020-358B
Organisation Name:	ABC Foundation
Approved Amount:	\$15,000.00
Date Approved:	23-Nov-2022
Approved Authorised Purpose:	see approved items below

Accountable Project/Purchase Expenses

Project Cost/Approved Expense	Supplier	Approved Amount
Marketing Material - Posters	Big Picture	\$434.89
Marketing Material - Flags	Hercules	\$993.00
Marketing Material - Billboards	Kale Print	\$1,000.00
Venue Hire	Holy Trinity Church	\$1,000.00
Advertising Costs - Whakatane Beacon	Whakatane Beacon	\$1,000.00
Advertising Costs - NZME	NZME	\$6,000.00
Total		\$10,427.89

Accountability for Salary/Wages	Approved Employee/Contractor	Approved Time-frame	Approved Amount
Joe Blogs	Event Coordinator	12 Dec 2022 - 14 Apr 2023	\$4,572.11
Total			\$4,572.11

Date Approved is the date you can start spending funds



Approved Authorised Purpose will confirm what you can use the funds for and up to what amount



Double check the Authorised Purpose & amounts against your funding application as the funder may not have approved spending the funds on everything requested in your funding application

GRANT TERMS

Pub Charity grants do not contain a GST component. If your organisation is GST registered you cannot claim GST as part of your grant spend.

The grant must be used specifically for the purpose of Pub Charity Limited has authorised. Any unspent funds must be returned to Pub Charity Limited. This is best achieved by direct crediting to Pub Charity Limited Bank Account 02 0506 0023592 00.

You can only spend this grant for expenditure dated after the receipt of this grant.

You have an obligation to use this grant within 3 months and return your Accountability Report detailing the use of the grant. If you are unable to meet this timeframe, please contact the Grants Team at Pub Charity Limited. In the event that you are unable to meet these timeframes, we may require you to refund the grant so that it can be used to assist other applicants.

Payments must not be made on any item before the approval date. If this occurs, the payment will be deemed retrospective.

ACCOUNTABILITY REQUIREMENTS

As part of Pub Charity Limited's licence conditions with the Department of Internal Affairs, you are required to submit an Accountability Report. Failure to complete this may impact future applications.

A full summary of your Accountability Obligations can be found on our website in the FAQs.

Complete the Accountability Report online, through your Applicant Dashboard, upload the supporting documents we require and then click "Submit" to send your report.

Please follow the instructions carefully. These will give you all the documentation you will need to upload in order that we can satisfy that the grant you have received has been properly spent.

You will require tax invoices confirming funds have been used for the specific purpose of the grant and Bank Statements verifying payment of those tax invoices.

You may need to supply additional information in support of salary and wages and these are detailed in the Accountability instructions online.

If you are unable to meet these requirements or the reporting timeframe, please contact our Grants Accountability Team through the Helpdesk by clicking on the Support button located on the top of the Pub Charity Limited Application page.

Accountability MUST be done ONLINE. Paper Accountabilities will not be accepted.



Accountability Requirements
Check the accountability requirements when the funding is approved to ensure you can meet the requirements.

In this case tax invoices confirming funds have been used for the specific purpose of the grant and bank statements

STANDARD DOCUMENTS

Funders will vary as to what they require but generally should include the following:

- Invoice / Payment Summary (refer Accountability Summary)
- Bank Statements vs Transaction History
- Copies of invoices
- Wages Summary

ACCOUNTABILITY SUMMARY

ABC FOUNDATION
 ADD NAME OF FUNDER AND YEAR
 ACCOUNTABILITY SUMMARY

Invoice Date	Supplier	Invoice Reference	Description	Amount ex GST	GST if applicable	Total Paid	Date Paid	Bank Statement #
						\$ -		
						\$ -		
						\$ -		
						\$ -		
						\$ -		
						\$ -		
						\$ -		
						\$ -		
						\$ -		
						\$ -		
						\$ -		
			Total Claimable ex GST	\$ -				
			Grant Funding Received					
			Amount Refundable to Funder	\$ -				

TRANSACTIONS IN CHRONOLOGICAL ORDER
 MAKE IT EASIER FOR THE FUNDER TO RECONCILE

ACCOUNTING SYSTEMS

If you have an accounting package try and utilise it to save yourself time

If you subscribe to Xero you can use "Tracking categories" to keep track of spending by Funder and also Project / Activity / Programme (Xero Dashboard - Business / Advanced Accounting / Tracking Categories)

Then use Profit & Loss Report (old version in Xero) for get a Profit & Loss Report by Funder or Project
Refer separate document provided "Managing Grant Funding in Xero"

[Reports](#) >

Profit & Loss

Change to the new report version before **31 July 2023**. [Learn about changing](#)

[Try new report version](#)

Wide view 

Common Formats

Compare Periods

Show Date Range

Current and previous 3 months | Year to date progress | Month to date progress | Current financial year | Actual vs Overall budget |

Compare cost centres | **Compare funders**

UPDATING THE FUNDER

When funding is received or at any time prior to funds being spent update the funder if:

- Circumstances of your event / programme significantly changed
- You are changing suppliers from the quotes submitted
- You don't think you will be able to provide the accountability by the "due date".

You will generally need approval in writing from the funder to change anything from what was originally agreed

At the end of your event in addition to financial accountability you will also want to let the funder know about what you achieved:

- Photos
- Numbers of participants / attendees
- Stories
- Feedback
- Challenges / learnings

FUNDING SCENARIO

Project / Activity: Applying for funding for events held each year over a one month period. Seeking funding for costs relating to hosting the events and staff time.

TOTAL BUDGET = \$51,765 with \$15,000 secured and \$5,000 pending

APPLICATION #1

Funder: Pub Charity Limited

Amount Applied for: \$15,000

Amount Received: \$15,000

Date Approved: 23/11/2022

Terms of Approval: Marketing

Material, Advertising costs, venue hire
and wages

APPLICATION #2

Funder: Lion Foundation

Amount Applied for: \$15,000

Amount Received: \$10,000

Date Approved: 25/01/2023

Terms of Approval: Delivery costs
excluding wages and movie screening

Quotes submitted with funding applications = \$ 39,400

FUNDING SCENARIO

TOTAL BUDGET = \$51,765 with \$15,000 secured and \$5,000 pending

Quotes submitted with funding applications = \$ 39,400

Newspaper Advertising

Quote: \$ 3,000

Approved:

\$1,000 Pub Charity /
\$3,000 Lion Foundation

Actual Spend: \$983

Flags

Quote: \$ 2,300

Approved:

\$933 Pub Charity /
\$2,300 Lion Foundation

Actual Spend: \$988

TOTAL QUOTES
excluding wages

\$19,200

Billboards

Quote: \$ 1,700

Approved:

\$1,000 Pub Charity /
\$1,700 Lion Foundation

Actual Spend: \$1,246

Venue Hire

Quote: \$ 2,200

Approved:

\$1,000 Pub Charity /
\$2,200 Lion Foundation

Actual Spend: \$ 405.00

TOTAL SPENT
excluding wages

\$9,648

Wages

Quote: \$18,500

Approved:

\$4,572.11 Pub Charity /
\$0 Lion Foundation

Actual Spend: \$ 18,500

Marketing Package

Quote: \$ 10,000

Approved:

\$6,000 Pub Charity /
\$10,000 Lion Foundation

Actual Spend: \$6,026

FUNDING SCENARIO

TOTAL SPENT, QUOTES NOT INCLUDED IN FUNDING APPLICATIONS

\$14,900

New Website landing page \$1,850 spent

Digital Marketing \$3,600 spent

Magazine Advertising \$650 spent

Event Coordinator Contractors \$8,800

UNDERSPEND (*Quotes less Spent*)
excluding wages

\$9,552

FUNDING TO BE RETURNED
Lion Foundation

\$8,752

What could have been done differently?

Quotes submitted with the application for all of the expenses included with the event budget

Funds applied for should have been spent once both lots of funding approved

Contact the second funder prior to the event to see if some of the additional expenses could be approved

TOP TIPS

- If claiming wages, check the period covered doesn't pre-date the funding approval date
- Submit wage summary reports and also PAYE / KiwiSaver returns/reporting to IRD
- Check that the invoice date doesn't pre-date the funding approval date
- Make sure invoices meet invoicing standards (refer Workshop 1)
- Double check that everything the funder has asked for has been included with the accountability i.e. copies of invoices, bank statements, summary of payments etc
- Complete and submit accountabilities by the "due date" . Late submissions could result in future applications being declined.

NEXT WORKSHOPS



Budgets
26 May

Cashflow Forecasting
23 June

GST & Payroll
28 July

Reading Financial Reports
25 August

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