

## **Conditions for Allocation of Funds, Audit and Inspection Requirements**

### **Compliance**

Grassroots Trust Limited will comply with all aspects of the Gambling Act 2003.

### **Authorised Purpose**

Grants will only be made in accordance with Grassroots Trust Limited's authorised purpose. Grassroots Trust Limited is authorised to operate gaming machines to raise money for the following authorised purposes:

- Any charitable purpose;
- Any non-commercial purpose that is beneficial to the whole or a section of the community.

The above authorised purposes includes (but are not limited to):

- The promotion and development of amateur rugby union football, within rugby provincial unions and clubs affiliated to the New Zealand Rugby Football Union Incorporated deemed to have subscribed to and be bound by the constitution and rules of the New Zealand Rugby Football Union Incorporated;
- The promotion and development of any other amateur sport through direct support of amateur sporting bodies. Grants only issued to sports bodies which are formally established and/or legally constituted;
- Promotion and development of community organisations which are established for charitable, educational or cultural purposes beneficial to the community or a section of it or any other purpose beneficial to the community or a section of it.

### **Non-Authorised Purposes**

The following are examples of purposes that are deemed unauthorised for grant consideration. This list is not exhaustive but rather is intended as a sample.

- Anything intended to further the activities of professional sports persons or teams.
- Any individual sport person unless the grant is made to and administered by an incorporated sporting body.
- Anything related to a hotel social club.
- Third party donor Organisations (e.g. service clubs).
- Food and entertainment.
- Dress uniforms.
- Training shirts.
- Funding for fundraising events.
- Salaries / wages for fundraising or sponsorship staff.
- Purchase or subsidy of vehicles intended for purposes associated with social functions.
- Stake money for any types of races.
- Any goods or services that have already been paid prior to their approval.

### **Decisions by Net Proceeds Committee**

The Grassroots Trust Limited Board of Directors acts as the net proceeds committee responsible for distributing net proceeds for authorised purposes as specified above.

All final funding decisions are made by a quorum of at least three members of Grassroots Trust Limited's Board.

### **Grant Influence – Section 113**

Grassroots Trust Limited's venue key persons cannot have any input into or influence over Grassroots Trust Limited's grant process. Venue key persons are as defined in the Gambling Act 2003.

Venue key persons cannot provide goods or services to third parties and be paid from grant money which is derived from Grassroots Trust Limited. For example, a venue could not provide room hire to a hockey club if the hockey club plans to use grant proceeds to pay for the hire fee.

Venue key persons cannot be involved in decisions about who will provide goods or services to a third party, if payment is being made from grant money that is received from Grassroots Trust Limited. For example, if a venue key person was also a committee member of a community organisation that received a grant from Grassroots Trust Limited, the person could not have any input as to which painter the community organisation employs, if the painter is to be paid from grant money.

### **Grant Applications**

- Grants will not be approved unless the application is completed in full through Grassroots Trust Limited's online application form.
- Grassroots Trust Limited or its contractors may at any time request further documentation to ensure an application is compliant.
- Grant applications found to be non-compliant will not be approved. In this context, "non-compliant" means, grant applications that:
  - do not contain all the relevant information;
  - are retrospective;
  - do not comply with Grassroots Trust Limited's authorised purpose; or
  - where the applicant has received full funding from other source(s).
- Non-compliance is determined by Grassroots Trust Limited or its contractors, based on the information supplied and independent checks undertaken.
- An application for funding is considered "retrospective" if the applicant has made payment on the goods and services that are subject to the grant application, prior to approval of the grant application by Grassroots Trust Limited's Board.
- Grassroots Trust Limited or its contractors may at any stage during the application process, randomly select applications to verify supplier quotes. If it is found that supplier quotes have been unlawfully obtained or edited, the following process will be followed:
  - all incidents will be considered on a case by case basis.
  - minor incidents are likely to result in both the applying person and / or Organisation being declined for future funding.
  - if the incident is of a serious nature, the incident will be referred to the Police and Department of Internal Affairs.

### **Grant Conditions**

- Funds received must be used for the Approved Specific Purpose. Only items and Suppliers listed in the above Project/Activity Costs or Salary/Wages table may be used.
- If there is a need to change suppliers, **prior written approval** of this change must be sought. A quote that matches the previously approved supplier's goods or services must be provided for this request to be considered. All change requests should be emailed to [info@grassrootstrust.co.nz](mailto:info@grassrootstrust.co.nz).
- If there is a change in staff member for a role that has been funded, **prior written approval** to use these funds for the new staff member must be sought. A signed employment contract and position description for the new staff member must be provided for this request to be considered. All change requests should be emailed to [info@grassrootstrust.co.nz](mailto:info@grassrootstrust.co.nz).
- Payments must not be made on any item before the approval date. If this occurs, the payment will be deemed retrospective.
- Funds must be spent from the account for which the funds were deposited. You MAY NOT use the funds to reimburse any employee or member of the organisation for money spent on the Approved Specific Purpose. This includes payments made by personal credit cards.
- If you have overspent within one item of your Approved Specific Purpose, you are not permitted to transfer these funds to another item of your Approved Specific Purpose.

- If your organisation does not proceed with the Approved Specific Purpose, or should there be a surplus of funds once the payments have been made, the funds must be returned to Grassroots Trust Limited as soon as possible.
- Any items purchased in relation to this grant must remain the property of the club/group/school.
- As part of the Department of Internal Affairs Licence Conditions, Grassroots Trust Limited will review 100% of all approved grants for accountability compliance. For more detail see below.
- Grassroots Trust Limited also audits 5% of approved applications and may request further information and verification as to how the funds were used.
- Grassroots Trust Limited records will be inspected and audited by the Department of Internal Affairs and Grassroots Trust Limited is required to render details of all donations to the Department.

### **Accountability Requirements**

- Grassroots Trust Limited will review 100% of all approved grants for accountability compliance.
- Accountability reports will not be accepted unless the report is completed in full through Grassroots Trust Limited's online accountability form.
- Recipients of grant funding must return paid invoices and bank statements to Grassroots Trust Limited as soon as reasonably possible, but no later than six months following grant money being received.
- If the funds were not spent for the specific purpose approved, Grassroots Trust Limited will request a refund of the full amount of the grant.
- If a funding surplus exists, the surplus must be returned to Grassroots Trust Limited by direct credit within 5 working days of the grant recipient becoming aware of the surplus.
- 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.
- If the funds have not been spent on the specific purpose approved (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.
- If evidence is not provided that the grant funds have been spent in accordance with the specific purpose approved, the funds must be returned to Grassroots Trust Limited.
- Grassroots Trust Limited are unlikely to make a grant to any organisation that has outstanding / overdue accountability compliance or refunds.
- Grassroots Trust Limited or its contractors may at any time request further accountability documentation to ensure funds have been spent appropriately.
- 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, Grassroots Trust Limited will take reasonable steps to obtain a return of the money from the grant recipient.
- If a refund is requested, the grant recipient must return this money to Grassroots Trust Limited by direct credit within 5 working days of the request or any longer period agreed by Grassroots Trust Limited.
- Grassroots Trust Limited or its contractors may at any stage during the accountability process, randomly select reports to verify supplier invoices. If it is found that supplier invoices have been unlawfully obtained or edited, the following process will be followed:
  - all incidents will be considered on a case by case basis.
  - minor incidents are likely to result in both the applying person and / or Organisation being declined for future funding.
  - if the incident is of a serious nature, the incident will be referred to the Police and Department of Internal Affairs.
- 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, Grassroots Trust Limited 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 of fraud or potential criminal offending.

- Any costs incurred from recovery action will remain the liability of the grant recipient.

### **Auditing Requirements**

Grassroots Trust Limited will audit and investigate 5% of approved grants annually.

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.