

1.0 Purpose

This policy sets out Grassroots Trust Limited’s (Grassroots Trust) grants accountability and audit criteria.

As a Corporate Society that operates to distribute net proceeds to the community, Grassroots Trust 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 advertised via Grassroots Trust’s website.

2.0 Revision History

| Date | Revision No. | |
|----------------|--------------|-------------------------------------------------------|
| June 2018 | 1.0 | New Document – Grants Accountability and Audit Policy |
| September 2019 | 1.1 | Additional clauses 4.2.19 & 4.3.2 |
| June 2020 | 1.2 | Annual Review |
| April 2022 | 1.3 | Annual Review |
| August 2023 | 1.4 | Annual Review |

3.0 People/Areas Affected

- The Board of Directors
- All employees/contractors working for or on behalf of Grassroots Trust
- Grant Applicants/Recipients
- Department of Internal Affairs

4.0 Policy

4.1 Compliance

Grassroots Trust will comply with all aspects of the Gambling Act 2003; and any associated regulations.

4.2 Accountability Requirements

4.2.1 Grassroots Trust will review 100% of 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 If a Grant Recipient has been approved funds to purchase a vehicle, the vehicle must not be sold or traded in without prior written consent from Grassroots Trust. If prior written consent is not sought, a refund may be required.
- 4.2.5 Accountability reports will not be accepted unless the report is completed in full through Grassroots Trust's online accountability process.
- 4.2.6 For funding towards a project, activity or operational expenses, Grant Recipients must return paid invoices and actual bank statements showing proof of payment to Grassroots Trust as soon as possible, but no later than six months following grant money being received. Where an Event Management Company is the approved supplier, Grant Recipients may also be required to provide the invoice/s from the supplier/s along with a copy of the Event Management Company's bank statement showing payment to the supplier/s.
- 4.2.7 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 included IRD deductions have been met. Grant Recipients must also keep on hand 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 deductions payments made to IRD.
- 4.2.8 Funds must be spent from the account in which they were deposited.
- 4.2.9 If the specific purpose does not proceed and/or a funding surplus exists, the funds must be returned to Grassroots Trust by direct credit within 5 working days of the Grant Recipient becoming aware of the cancellation or surplus.
- 4.2.10 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.
- 4.2.11 If acceptable evidence is not provided proving that the grant funds have been spent in accordance with the specific purpose approved, the funds must be returned to Grassroots Trust within 5 working days of being requested by Grassroots Trust.
- 4.2.12 Grassroots Trust or employees/contractors working on behalf of Grassroots Trust may at any time request further accountability documentation to ensure funds have been spent appropriately.
- 4.2.13 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 contract 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 may be required.
- 4.2.14 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.
- 4.2.15 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 without prior written consent from Grassroots Trust.

- 4.2.16 Funds cannot be used to reimburse any employee or member of an Organisation for money spent on the specific purpose approved. This includes payments made by personal credit cards.
- 4.2.17 Grassroots Trust is unlikely to make a grant to any Organisation that has outstanding accountability and/or refunds.
- 4.2.18 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.
- 4.2.19 If a refund is requested, the Grant Recipient must return this money to Grassroots Trust by direct credit within 5 working days of the request or any longer period agreed by Grassroots Trust.
- 4.2.20 Grassroots Trust 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 of collecting the refund.
- 4.2.21 Grassroots Trust or employees/contractors working on behalf of the Trust 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:
- 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.
- 4.2.22 If a 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 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.
- 4.2.23 Any costs incurred from recovery action will remain the liability of the Grant Recipient.
- 4.2.24 The timeframes set out in this policy may be reduced or extended at Grassroots Trust's discretion.

4.3 Auditing Requirements

- 4.3.1 Grassroots Trust may physically audit and investigate approved projects, activity, and operational cost 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. The process as detailed in 4.2.21 will be followed.

- 4.3.2 Any items purchased in relation to a grant must remain the property of the Grant Recipient and made available for inspection if requested.
- 4.3.3 Grassroots Trust or employees/contractors working on behalf of the Trust may at any time request further documentation to ensure an application is compliant.

4.3.4 Grassroots Trust 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 Grassroots Trust's Executive Chairman in writing to PO Box 9019, Hamilton or by email info@grassrootstrust.co.nz

4.4.2 Grassroots Trust 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 Grassroots Trust will investigate all complaints and will respond in writing within 15 working days of receipt.

4.4.4 Complaints about the conduct of Grassroots Trust 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 Grassroots Trust for a period of 7 years.

4.5.2 Grassroots Trust records will be inspected and audited by the Department of Internal Affairs and Grassroots Trust is required to render details of all donations to the Department.



Approved by Grassroots Trust Limited Board

30, 8, 23