

STANDARD CONDITIONS OF GRANT AID TO VOLUNTARY ORGANISATIONS
(Under Revision)
LONDON BOROUGH OF BRENT

This document must be read in conjunction with the Guidance Notes which provides further explanations of Brent Council's Standard Conditions of Grant Aid.

1. DEFINITIONS:

- 1.1 **Organisation** means the person or the voluntary Organisation to whom Grant Aid is awarded by the London Borough of Brent.
- 1.2 **Grant Aid** means such sum and/or part of sums as may be approved for payment by the London Borough of Brent to the Organisation.
- 1.3 **The Council** means the Council of the London Borough of Brent.
- 1.4 **Management Committee** means any member of the Organisations management committee who holds the position of Chair, Secretary or Treasurer of that Committee.
- 1.5 **Executive Report** means the report to the Executive of the Council recommending the approval of Grant Aid to the Organisation.
- 1.6 **Guidance Note** means the Guidance Notes on Standard Conditions of Grant Aid for Voluntary Organisations for the time being in force.
- 1.7 **Report** means the report entitled [The Main Grant Report] which specifies the level of funding and the outcomes to be delivered by the Organisation through its use of the Grant Aid.

2. PART A General Conditions

Part A of the Conditions applies to all Organisations in receipt of Grant Aid.

- 2.1 The Organisation shall use Grant Aid wholly and exclusively for the purposes specified by the Council, and for the benefit of the inhabitants of the London Borough of Brent.
- 2.2 If the Organisation fails to deliver the outcomes specified in the Report or uses the Grant Aid for unauthorised purposes the Council reserves the right to recover all or part of the Grant Aid awarded.
- 2.3 The Organisation shall keep the Council informed of all matters relating to the need for and the use of the Grant Aid and in particular shall notify the Council in

writing of any changes to the factors that formed the basis on which the Grant Aid was awarded.

- 2.4 Where the Grant Aid awarded is a contribution towards the costs of agreed activities, the Organisation shall take all reasonable steps to seek and obtain from sources other than the Council, funding for the Organisation's activities including those which are the subject of the Grant Aid award.
- 2.5 The Organisation shall not promote or oppose any political party or party political causes and shall not use any part of the Grant Aid to engage in party political activity or the furtherance or propagation of a religious faith.
- 2.6 The Organisation shall wherever possible, publicise Council support on all public literature, buildings and vehicles. The provision of Grant Aid shall be acknowledged within its annual report and accounts.
- 2.7 The Organisation shall submit an adopted constitution or its equivalent and an equal opportunities policy, accounts, annual report, insurance and CRB disclosures the provisions of which need to be acceptable to the Council, as advised by the their Legal Services.
- 2.8 The Organisation shall satisfy the Council as advised by the their Legal Services, that the activities to be carried out with the Grant Aid fall within the ambits of the Organisation's powers and meet the legal requirements for the services provided.
- 2.9 The Organisation shall have a properly constituted management committee, which meets regularly, and not less than four times a year. The Organisation shall hold an annual general meeting and must inform the Council in writing of any changes to its management structure. It shall provide the Council within 10 working days with the names and addresses of the Chair, Secretary, Treasurer and other members of the management committee.
- 2.10 No member of the management committee of the Organisation shall take up employment with the Organisation within one year after his/her resignation.
- 2.11 Where Grant Aid is approved for up to one year, this shall be limited to the maximum amount agreed in the Executive Report and shall not imply any commitment or agreement by the Council to provide Grant Aid to the Organisation for more than that year or for any further period.
- 2.12 Without prejudice to paragraph 2.13 below, the Grant Aid shall not be released in the second subsequent year following the year in respect of which it is first awarded unless and until the Council, having received a monitoring report from the Council that he/she is satisfied that the Organisation has complied with the undertaking and agreement referred to in paragraph 3.1 below.
- 2.13 The Council will review the award of Grant Aid on an annual basis. The Council reserves the right to decide that Grant Aid should not be paid in the second or

subsequent years notwithstanding any provision in the original Executive Report to the contrary.

3. PART B

This Part B of the Standard Conditions of Grant Aid applies to all Grant Aid funded Organisations and must be complied with before the first quarter of the Grant Aid is paid.

3.1 Written Undertaking And Agreement

3.1.1 The Organisation shall complete and submit to the Council, an agreement to comply with the Council's Standard Conditions of Grant Aid and any additional conditions which may be imposed by the Council in respect of the Grant Aid in question. Two Committee Members shall duly sign this written undertaking and agreement on behalf of the Organisation within three months of notification of the Grant Aid awarded.

3.1.2 Where the Grant Aid is not claimed by the end of September in the year in which Grant Aid is allocated to the Organisation and/or no written undertaking and agreement is received by the Council, the Grant Aid shall be withdrawn and reallocated to other Organisations.

3.2 Budget

3.2.1 The Organisation shall submit to the Council a full income and expenditure budget for the year in which the Grant Aid is expected. This budget shall include all income from other sources and associated running expenditure.

3.3 Previous Year's Audited/Certified Accounts

3.3.1 Before any payment of Grant Aid is made the Organisation shall submit to the Council a full set of audited/certified accounts for the previous financial year, signed by two officers of the Organisations management committee one of whom shall be the Treasurer. This condition is not applicable where the Organisation has supplied these documents to the Council when the application for Grant Aid was made or in compliance with paragraph 4.3 below in respect of a previous year's Grant Aid.

4. PART C

All Grant Aid funded Organisations must comply with the following conditions and terms (where applicable) before the third quarter's Grant Aid is released.

4.1 Six month report

- 4.1.1 The Organisation shall, not less frequently than every six months after payment of Grant Aid, submit detailed written reports on the activities of the Organisation in particular, those activities in respect of which the Grant Aid monies are used. Such reports shall include relevant statistics on numbers of persons assisted by the Organisation or who have used the Organisation's services and details of all steps taken to obtain funding from other sources for the Organisation's activities.

4.2 Revised Budget

- 4.2.1 All Organisations receiving Grant Aid from the Council shall submit a revised income and expenditure statement by 15 October in each year. This revised income and expenditure statement shall show six months actual income and expenditure in each year to 30 September in that year and estimated income and expenditure for the following six months to 31 March on the form provided.

4.3 Audited / Certified Accounts

- 4.3.1 All Organisations receiving Grant Aid from the Council shall submit statements of accounts to the Council as specified below:
- 4.3.2 All Organisations with gross income of less than £20,000 per annum shall submit to the Council, as soon as possible, and in any event not later than six months after the end of the financial year in respect of which the Grant Aid is received or expended, a set of accounts of the Organisation certified by an independent examiner for that financial year. Two members of the Organisation's management committee shall sign the accounts, one of whom shall be the Treasurer of the Organisation.
- 4.3.3 All Organisations with gross income of £20,000 and over per annum shall submit to the Council, within six months of the end of each financial year, externally and independently audited accounts for the financial year of the Organisation during which any Grant Aid is received or expended. It shall further provide him/her on request with such information regarding the Organisation's activities as he/she may reasonably require to satisfy him/her as to the manner in which the Grant Aid or any part of the Grant Aid has been used.

4.4 Equipment, Furniture, Vehicles, Computers, Training and Premises costs (Accommodation, Support & Training Grants)

- 4.4.1 Organisations in receipt of Grant Aid for equipment, furniture, vehicles, computers and premises costs shall produce receipted invoice(s) before Grant Aid payment is made. Where the Organisation has insufficient funds, the Council

may pay the supplier(s) direct on the Organisation's behalf at the Organisation's written request.

4.4.2 The Organisation shall keep and maintain an inventory of all assets purchased with the Council's grant monies. This inventory shall include a brief description of the asset, serial number, and date of purchase and on any sale, date and income received on such sale.

4.4.3 The Organisation shall not dispose of any item of equipment or furniture etc., purchased with Grant Aid monies without the prior written consent of the Council.

4.4.4 Where items are disposed of, in accordance with condition 4.4.3 above, the Organisation shall repay the Council forthwith, on demand, such part of the Grant Aid as the Council may determine. Such sum shall not exceed the level which the Council considers to be equivalent to the market value of the items at the time of disposal.

4.5 Insurance

4.5.1 The Organisation shall take out insurance policies to cover all risks, but not limited as appropriate:

- i) Public and employer's liabilities;
- ii) Fire and other risks to the property;
- iii) Risks arising from the use of Vehicles; and
- iv) Theft or damages to property and its contents;

And shall produce evidence of such insurances to the Council if so requested.

4.5.2 The Council accepts no liability whatsoever to the Organisation or to any third party for any costs, claims, damages or losses however they are incurred. The Organisation shall not be or be deemed to be, an agent of the Council and shall not hold itself out to any third party as such.

4.6 Dissolution

4.6.1 In the event that the Organisation is dissolved or, being a limited company, goes into liquidation, any of its assets which have been bought with Grant Aid monies and/or any unexpended Grant Aid monies shall be returned to the Council. Unless the Council agrees otherwise such agreement shall be on terms as decided by the Council.

4.6.2 No further Grant Aid shall be payable to the Organisation with effect from the date upon which the dissolution/liquidation occurred.

4.7 Payment Methods

Grant Aid shall be paid in four equal instalments quarterly in April, July, October and January respectively as specified in the guidance note except that Grant Aid of up to £500 shall be paid in two equal half yearly instalments in April and October.

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Guidance Notes on Conditions of Grant Aid For Voluntary Organisation

THESE GUIDANCE NOTES SHOULD BE READ IN CONJUNCTION WITH BRENT COUNCIL'S STANDARD CONDITIONS OF GRANT AID.

Introduction

- 1a. The London Borough of Brent Standard Conditions of Grant Aid for voluntary organisations is based on the Statements of Recommended Practices (SORP) by the Charity Commission. SORP affecting the way in which a charity report annually on the resources entrusted to it and the activities it undertakes.
 - b. Brent Council (refers to as the Council) recognises that compliance with the Conditions of Grant Aid and other legal requirements and regulations is very costly. As you will appreciate, the Council must exercise its statutory powers (including its grant-making powers) in accordance with the law. It is accountable to the Council Community charge payers of London Borough of Brent for all the expenditure it incurs, including grants to other bodies. It is necessary, in order that it may comply with its legal obligations and good management, that a full account is kept of all the money disbursed in the form of grants.
 - c. The payment of grant is therefore conditional upon the organisation entering into an agreement with the Council to comply with all conditions attached to the grant aid. These guidelines set out in general the Council's expectations of grant aided organisations in complying with the terms and conditions of grant aid. You are therefore advised to read these guidelines carefully and where necessary **a copy should be given to your accountants/auditors.**
2. **Part A** of the Standard Conditions of Grant Aid are those conditions which all funded voluntary organisations must adhere to at all times.
 - 2.1 **Clause 2.9** is self-explanatory. The Council expects potential applicants to have one form of rules governing the conducts of its management and memberships.
 - 2.2 **Clause 2.10** requires your organisation to have at least 6 to 12 management committee members (depending on the size of the organisation). You must ensure that you submit the names and addresses of the management committee to the Council (Voluntary Sector Team) annually or a letter to that effect if there is no change.
 3. **Part B** of the Standard Conditions applies to all funded organisations and must be complied with before you can receive first quarter of your grants award except where the grant excludes wages/salaries either in full or in part.

- 3.1** Undertakings and agreements (**Clause 3.1.1**) forms the major part of the Council's Standard Conditions of Grant Aid. It requires the funded organisation to submit a Signed Agreement.

The agreement will normally be sent to your organisation together with the letter confirming the level of grant awarded to your organisation. Please send the completed form to Voluntary Sector Team immediately to avoid any delay in making your grant payment. If you do not receive one, contact your link officer immediately for a copy to be sent to you.

- 3.2.** The Council expects all funded organisations to have basic accounting systems in place. Accounting systems are basic management tools necessary to make an organisation successful in the operation of its activities. In order to plan finances and monitor performance, these systems should incorporate the following:

- a) Financial controls and procedures
- b) Security of all accounting records. This should be sufficient to show and explain all the organisation's transactions
- c) It should be sufficient to disclose with reasonable accuracy, the financial position of the organisation at any particular time
- d) It must show details of all daily receipts and payments and records of assets and liabilities
- e) All accounting records must be kept for at least seven years after the end of the relevant financial year

- 3.3** Business Plan or Financial Plan set out the basic objectives of the organisation over the 12 months period for which funding is requested. These objectives should be quantified in terms of income expectation, the range of services to be provided, detailed costing of all services to be provided, capital and equipment requirements and total estimated cashflow during the whole period covered by the plan.

Please note that this is not a condition of grant aid, but will assist you in complying with Clause 3.2 (see below).

- 3.4** Annual Budget (**Clause 3.2**) forms part of the requirements of the Conditions of Grant Aid and it stems out of the business plan in 3.3 above. The Council expects this budget to set out in greater detail the information contained in the business plan on the form provided (appropriate budget sheet for the grant). This should include all expected income and related expenditure. It is important to note that the annual budget is used as a basis of monitoring the activities of funded organisations in financial terms. It is therefore important that this form is completed satisfactorily and submitted to the Council otherwise payment will be delayed.

3.5 Revised Budget (Clause 4.2) can also be referred to as management accounts. Six months into the Council's financial year, the Council expects voluntary organisations under **Clause 3.2.1** of the conditions of grant aid to provide a revised budget which demonstrates how effectively and efficiently the organisation has applied its resources in achieving its objectives. The revised budget is expected to show actual income and expenditure over the first half of the financial year and expected income and expenditure for the second half of the year. This document is used by officers to measure the performance of the organisation by comparing this with the original budget statement supplied at the beginning of the financial year (see above). This assists the Council in evaluating the performance of the organisation and whether it has provided value for money.

3.6 Financial Statements (Annual Accounts) These cover **Clauses 3.3, 4.3.1 to 4.3.3**. All voluntary organisations in receipt of grant aid are required to submit a set of audited accounts to the Council. The financial statements should demonstrate how the trustees or management committee have managed their finances during the financial year and that any grant aid provided by the Council has been properly applied by the organisation for the purpose for which it was approved.

The financial statements expected will depend on the organisation's total level of income or assets.

3.6.1 All organisations with total income of £20,000 or more must submit audited financial statements and must show the following:

(i) Income and Expenditure Statement

The statement must be prepared on accrual basis. It must show the main sources of income, where separate funds are shown, details of restrictions on how they may be used and how any income is spent must be given under appropriate headings.

(ii) Balance Sheet

The balance sheet is expected to show the state of affairs of the organisation as at the end of the financial year in respect of which the statement of accounts is prepared. It should include:

Fixed Assets i.e. tangible and intangible assets and investments

Current Assets i.e. stocks and work-in-progress, debtors, short-term investments and cash at bank and in hand.

Short-term creditors or liabilities and including any long-term liabilities

Funds of the organisation – these should include unrestricted and restricted funds and capital funds

Comparable figures for the previous financial year

Management and auditors' report

3.6.2 The Council will use the information contained in the Financial Statements to assess the performance of the organisation by considering the changes in the nature as well as the amount of the net resources of the organisation. These include other information such as six monthly reports and annual reports. Where further explanations are required, finance or grant officers, responsible for the administration of your grant will contact your organisation and if necessary with the permission of the organisation, contact the auditors direct. Annual reports are not explicitly part of the requirements of the Conditions of Grant Aid but if grant aided organisations are either registered under the Charities Act or Companies Act, the Council will expect these to form part of the audited accounts or financial statements.

3.6.3 These statements must be supported by details on accounting policies and notes to the accounts. Notes which provide information on funds (particularly restricted funds) and tangible and intangible assets are useful and necessary. These should be provided by your organisation.

3.7 **Clause 4.3.2** of the Conditions of Grant Aid requires those organisations with total income of less than £20,000 to submit a statement of accounts certified by an independent examiner. The independent examiner is a person who is reasonably believed by the Management Committee to have the requisite ability and practical experience to carry out a complete examination of the accounts.

This independent person should have no connection with the organisation's management committee that might inhibit the impartial conduct of the examination.

3.7.1 The Council will consider the following persons to have such a connection, and therefore to be unable to certify the accounts:

- a) A member of the management Committee or anyone else who is closely involved in the administration of the organisation;
- b) A major donor to or major beneficiary of the organisation;
- c) Close relative, partners, business partner or employee of any person who falls within a) and b) above.
- d) An employee of the organisation

If you are in doubt on any of the above, please contact the grant or finance officers responsible for the administration of your grant.

3.8 It is important to stress the need to comply with the governing instrument of your organisation. That is if your memorandum and articles of association or constitution requires you to have your accounts audited, it is important that you do so regardless of the limitations on your income.

4. **Clause 4.1** of the Conditions of Grant Aid requires the organisation to submit six monthly report *i.e. in October and April*. This should set out the following information;

- a) -a review of the development, activities, problems and achievements of the organisation during the relevant period
- b) -a review of the results of any trading or other non-charitable companies which have been included in the financial statements, availability of assets to fulfil obligations on fund-by-fund basis
- c) -statistical information on the users of the organisation's services

Please note that this information will be useful when you apply for renewal of your grant.

5. Arrangements for payments of grants (**Clause 4.7**)

5.1 The payment of grant shall be made within ten working days of satisfactory compliance with the conditions of grant aid;

5.2 Organisations receiving grants of up to £500 shall receive their grants in two equal instalments in April and October of the financial year (or as soon thereafter as conditions of grant have been complied with).

5.3 Organisations receiving grants of over £501 shall receive the grants quarterly in April, July, October and January respectively (or as soon thereafter as conditions of grant have been complied with).

6. **Dissolution (*i.e. resolution to wind up*)**

A signed copy of any resolution to wind up the organisation must be submitted to the Council. All funded organisations with total grant of £10,000 and over per annum are expected to appoint a liquidator or accountant/s who will ensure that the affairs of the organisation are brought to a conclusion and all debts and liabilities are paid off within three months of cessation. Subject to audited accounts and level of grant awarded, any unexpected grant monies must be refunded to the Council.

7. **Debts and Liabilities**

The debts and liabilities of the organisation are the responsibility of the management committee who must ensure that these debts are met from within the grant and the organisation's own resources.

The audited accounts and lists of creditors must be submitted to the Council. Any disposal of equipment is subject to Clauses 4.4.3 and 4.4.4 of Conditions of Grant Aid.

8 Insurance (Clause 4.5)

Clauses 4.5 to 4.5.2 of the Conditions of Grant Aid requires an organisation to insure its property and contents against all risks of physical loss, damage including fire and theft and to take out insurance in respect of public liabilities and employer's liabilities. The Council expects organisations to make sure that the necessary insurance has been taken out and from time to time the organisation may be required to produce the evidence that appropriate insurance cover has been taken out.

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