

DEPARTMENT OF CONSERVATION AND LAND MANAGEMENT
CORPORATE EXECUTIVE
ADMINISTRATIVE INSTRUCTION NO. 50

OPERATIONAL GUIDELINES - MANAGING AND ACCOUNTING FOR EXTERNAL FUNDS.

INTRODUCTION

Please read these guidelines in conjunction with the Department's Policy Statement No. 46, EXTERNAL FUNDS, Administrative Instruction No 51 and No 52 relating to Sponsorship and Grants respectively.

These guidelines provide information, direction and clarification to staff, and provide a framework by which external funds can be accounted for in an effective, efficient and coordinated manner.

The Department receives external funds from the following sources:

- Donations
- Grant money
- Sponsorship money
- Cost-share schemes
- Off-set funds.

In most cases the management of externally acquired funds is identical, irrespective of the source. Where there is a difference this document identifies that difference.

In respect to financial management of external funds there are two stages. They are:

Stage 1- Calculation of the costs involved in your application for funds;

Stage 2 - When successful, the proper management and acquittal of those funds.

1. Calculation of Costs

As well as the obvious program costs such as materials, plant and equipment hire, etc, there is a requirement to calculate overheads and on-costs such as wages, salaries and leave entitlements.

1.1 Overheads and On-costs

- (i) CALM's standard on-cost of 32% on direct wages and salaries should be included in all costings. A lower overhead of 16% can be applied if the external agency pays the salary of the officer(s) on loan or secondment.

This covers items such as leave loading, superannuation and workers' compensation insurance.

Overtime calculations should be included in salary projections for any Technical Officers employed on the program.

- (ii) In some instances the funding agency will require or recommend a Departmental commitment to the proposed program. This is not always possible. In such circumstances a proportion of the overheads and oncosts may be waived with the approval of your respective Director.

- (iii) Administration overheads should be budgeted at 20% and included in all costings for external funding.

This covers items such as stationary, accommodation, records, computing, human resources management, payroll management and inflation.

- (iv) Salaried staff should be used wherever possible to carry out grant and sponsorship programs. If additional employment is necessary the most cost-effective method should be provided for.

- (v) Unlike grants, sponsorships are rarely costed. A sponsorship package is usually a negotiated figure based on the worth of the package as agreed by the sponsoring company and the agency. This figure rarely includes overheads. As such officers negotiating sponsorships should negotiate for additional funds to cover overheads if they are likely to be incurred.

1.2 Contracts and Consultancies

- (i) It may be financially desirable for some tasks involving grant and sponsorship monies to be carried out by contract or consultancy.

- (ii) Contracts or consultancies are generally not used for tasks involving policy formulation or for work normally carried out by salaried or wages staff.

- (iii) If contracts or consultancies are used contact the Senior Administration Officer in your Branch/Division to determine CALM's requirements relating to PAYE taxation.

In most cases consultants should be engaged as self employed contractors and as such responsible for the payment of their own tax.

- (iv) The grant recipient will be responsible for ensuring that any consultant engaged on a project sign a contract stating the conditions under which the project should be carried out.

In most instances consultants have been provided with an initial payment (startup payment) before any work has commenced, to assist in covering initial travel, accommodation and project establishment costs. The provision of a startup payment should

not be automatic and should be granted only if circumstances demand it.

2. Managing and Acquiring Funds

2.1 Responsibility

- (i) The grant recipient (normally the officer submitting the application, or the officer nominated as the officer in charge of the project, for example, the supervising scientist) **WILL BE RESPONSIBLE** for all aspects of the grant. This includes opening Departmental files, establishing appropriate accounts, providing reports, allocating expenditure and providing financial statements to the granting agency.
- (ii) The responsible person will usually require the assistance of an Administrative Officer and/or Finance Branch. No aspect of the responsibility for managing the grant can be delegated to administrative staff, although the tasks themselves may.
- (iii) In the event of over expenditure on a project, or a project not completed by the required date, the grant recipient will provide a report to the relevant Director stating the reasons for the over expenditure or non completion of the project.

Any over expenditure will be made up from the Division occurring the excess.

2.2 Management

The management of external funds involves the following processes:

- (i) Following notification of the success of your application, you will need to decide where the funds are best lodged. See Section 3. for detail on options available.

All granting bodies including sponsors should be requested to direct all payments to the Manager, Finance Branch. Copies of this advice will be forwarded to the relevant project co-ordinator.
- (ii) Notify the Assistant Budget Officer (ABO) that you have been successful in obtaining external funds.
- (iii) Request your Admin Officer to liaise with the ABO to create revenue flexi-fields. Arrange for the creation of expenditure flexi-fields that are consistent with the purpose and conditions of the grant/sponsorship.
- (iv) Create a Departmental file and place on it, a copy of the application and the grant notification, a copy of the contract or any conditions and a note of the flexi-fields that have been created to manage the funds.
- (v) If your Section/Branch/Region etc requires a duplicate file, create it.

- (vi) Establish a bring up system to ensure financial and progress reports are provided on time and as required by the granting agency.
- (vii) Projects funded on an annual basis, with no guarantee of on-going support, should treat each additional or annual payment as a separate grant. As such it is essential that steps(ii) - (vi) be repeated.

3. **Lodging External Funds**

It is important that externally acquired funds are lodged in the appropriate account. This is usually determined by the source of the funds.

3.1 Grants and Sponsorship

- (i) Commonwealth (eg Australian National Parks and Wildlife Service) and WA State government funds are generally paid into Treasury. CALM does not benefit from interest on these accounts.
- (ii) Other external grants including sponsorship funds are generally paid into Trust Accounts established within the Department. However, there are variations to this rule from time to time. Discuss this aspect with the Assistant Budget Officer. CALM acquires the interest on these accounts.

3.2 Donations

- (i) Donations provided for specific sites, facilities or purposes can and should be used for that purpose. An account within Special Purpose Trust Accounts should be set up to receive and account for these funds. Please contact your Admin Officer or the Assistant Budget Officer for advice.
- (ii) Donations provided for non-specific purpose should be referred to the relevant Director, or the Executive Director. Donations specific to wildlife research, should be lodged in the Nature Conservation and National Parks Trust Account.
- (iii) Donations in the form of gifts or testamentary gifts (bequests) will be dealt with on merit. Enquiries should be directed to the Assistant Budget Officer.

3.3 Off set Funds

- (i) These funds should be managed as for donations.

3.4 Cost-share schemes

- (i) These funds should be managed as for donations.

4. **Acquitting Funds**

4.1 Financial Reports

- (i) Granting agencies that provide funds are likely to require a report on the project they have funded. This will include a

financial statement to allow CALM to demonstrate its accountability for the funds received.

- (ii) Different external agencies will have different requirements for financial statements. CALM must be flexible and provide financial statements with a format and content to meet the requirements of the agency.

4.2 Auditing

- (i) All funds used by CALM are managed in accordance with the FAA Act (Finance Auditing and Administration Act) and are subject to internal audit.
- (ii) The granting agency is entitled to have our statements verified to their satisfaction, in the manner of their choice.
- (iii) The granting agency may choose one of the following options:
 - Accept CALM accounting systems and procedures as being adequate.
 - * Certification of the statements as true and correct by specified CALM officers, for example, our Internal Auditor in charge, or Finance Manager or Project Manager or Executive Director.
 - Engagement at their expense, an external auditor such as a firm of chartered accountants, to audit our statements.
 - Use of their own internal auditor to audit our statements.
- (iv) The Office of the Auditor-General is not available to audit statements provided by external The Auditor-General is accountable to Parliament and has indicated an intention to confine his audits to statements presented to Parliament.



Syd Shea
EXECUTIVE DIRECTOR

11 November 1992