



A new way of working: grant funding in DSS

What financial information is relevant to my application?

Applicants are asked to provide financial information in support of applications. The financial information the Department requires is to demonstrate financial implications of the applications under the grant programmes and to provide financial information that demonstrates the capacity of the applicant to deliver the proposed services.

Financial information is relevant to the application for the following requirements:

1. The services which are **eligible** for funding under each programme.
2. The extent to which an application represents **value for money**.
3. The availability of **alternative sources** of income for your organisation to help fund its activities.
4. The **sustainability** of your proposed approach to delivering services over the life of the grant agreement.
5. Your organisation's **financial capacity** to remain in operation and deliver on its funding objectives under the programme.
6. The **spending of funding** after a grant agreement has been executed for the provision of services.

This guide provides information on each of these financial aspects of the application process to assist applicants in preparing their applications.

It is important to note that the level of financial information required under the various programmes and activities may differ. As a result, applicants should familiarise themselves with the specific requirements of each programme activity you wish to apply for.

1. Proposed expenses must be for eligible uses of programme funding

The programme guidelines for each grant activity outline which activities are eligible uses of programme funding and which are ineligible (at Section 2.6). These differ for programmes, activities and services.

As a result, you should carefully check what grant funding can be used for in relation to each activity and ensure you are not applying for the costs of activities which are ineligible. You are required in Part 4 of the Application Pack to detail which activities you are applying for.

Where your proposal for the provision of a service or activity requires an expenditure that is ineligible for funding under specific grant guidelines, this may be an area your organisation can consider funding itself or through alternative income sources, partnerships, collaborations or in-kind contributions.

2. Applicants need to demonstrate value for money

All applicants are asked to describe how their service delivery proposals will achieve the activity objectives for all stakeholders and to demonstrate the value for money that might be achieved from the requested grant funding. The opportunity for and type of value for money will be different according to the type of service or factors that impact how services are offered. Applicants are asked to think about how to achieve and demonstrate value for money across your responses to the selection criteria as part of your application.

In assessing value for money, DSS will have regard to a wide range of factors including the relative cost of your proposal and your capacity to fund the proposal.

The relative cost of your proposal

All applications must provide an indication of the funding sought each year from DSS in Part 5 of the Application Form. In many cases you will be asked to provide your best estimate details of itemised funding expenditure each year to deliver your proposed services.

In developing your estimates of the expenditure required you should seek to ensure these cost estimates are reasonable and reflective of market rates, or provide justification where they might exceed market rates due to local circumstances.

For goods or services you would be sourcing from third parties, you may wish to obtain multiple quotes to provide a realistic estimate of the cost of providing these goods or services in advance of submitting your application.

The cost effectiveness of outcomes

You are required in Part 6 of all open round Application Forms under the selection criteria to describe how the implementation of your proposal will achieve the Activity objectives for all stakeholders, including value for money. You should consider how you can deliver these outcomes in the most cost effective way, over the period being applied for.

In some instances, applicants will be able to demonstrate cost effectiveness through their ability to contribute their own sources of funding or support to the delivery of the proposed service or identify innovative ways to reduce the costs of service delivery. This is described further below.

To understand whether your outcomes are being achieved through cost effective delivery, it may also be useful to:

- ensure your cost estimates have been developed with input from your operational service delivery staff; and
- have your estimates endorsed by your organisation's Chief Financial Officer (or equivalent).

3. Many applications require the identification of alternative income sources

A number of grant programmes ask applicants to identify other sources of income available to fund their project or activity. You must therefore consider and demonstrate the various sources of funding that may be involved which includes identifying other sources of funding that can be combined with Commonwealth funding and leveraged to enhance the delivery of activities and services to a chosen target group or community.

This can include:

- your organisation's own cash contributions;
- funding from project partners;
- alternative sources of grant funding from other government programs (including state, territory and local government);
- in-kind contributions; and
- other innovative mechanisms to reduce the costs of service delivery.

You may also have capacity to contribute own-source funding in support of programme activities or funding identified through partnerships and collaboration. The Department encourages this as a key component of effective service delivery models.

In your application you should clearly identify sources of additional funding together with a description of the secured commitment of this funding and any assumptions required to obtain the additional funding. Your organisation should confirm the availability of partner funding where this is not already in place. Evidence of this funding commitment will be sought before entering into any grant agreement.

It is important to note that applications seeking funding for the full cost of an activity or providing a service are still eligible to receive programme funding.

4. Applicants must demonstrate sustainability of service delivery approaches

The selection criteria in Part 6 of the Application Form for each funding round require applicants to demonstrate that their service delivery proposal has a viable and sustainable financial model. You will need to demonstrate in your application that:

- your proposed approach to delivering the level of services in your target community can be delivered through the resources identified, including your proposed grant funding and other sources of funding or in-kind support;
- alternative sources of funding for your proposal are confirmed, where available, and can remain in place over the life of the grant funding;
- you are aware of the risks and implications for your service delivery proposal if funding or other support is not available from the Department or withdrawn and mitigation strategies to ensure services can continue in this event; and
- your approach effectively considers the impact of cost increases over the life of the programme and how these will be met.

Applicants may wish to demonstrate in their applications how the services could be delivered after the term of the grant funding without on-going DSS support.

Applicants may also identify innovative approaches to service delivery of up to 10% of project funding. You are encouraged to identify new ways of delivering services which may enhance service delivery outcomes, provide sustainable services beyond the life of the grant and provide greater value for money.

5. Applicants must demonstrate their financial viability and organisational capacity

Applicants must demonstrate that they are **viable** and have the **capacity** to efficiently and effectively deliver their proposed services for the term of any grant funding, which may be up to a five year period.

Applicant viability

Financial viability can be defined as a business' ability to generate sufficient income or have sufficient financial resources in place to meet its financial obligations over a relevant period of time.

In terms of an organisation applying for funding, financial viability evaluates the risk over the funding period that an organisation may not have the financial capacity to remain in operation and deliver on its funding objectives.

Applicants are asked to provide information as part of the registration process to demonstrate their financial viability (or alternatively reasons why this information is not available). You should seek to ensure this information is available and up-to-date before registering and applying for grant funding.

Financial capacity

Sound governance practices also support appropriate financial management over the life of a grant agreement. As a result, the Department has asked for an indication of whether common governance

documentation is in place, such as duty statements, financial delegations, financial policies and procedures, and a business plan as part of the registration process.

Copies of these documents may be requested by the Department, but are not required to be provided as part of the registration or application process. You should ensure these documents are available if requested by DSS.

6. Applications must be clear on expenditure of grant programme funding

If you are successful in receiving grant funding, you will be asked to enter into a Grant Agreement with the Commonwealth. This will include the general grant conditions that would apply.

This Agreement will outline the purpose of the grant, the activity to be carried out and the total grant amount. Under this form of Agreement you will be required to provide a report that accounts for the grant and demonstrates that it is spent only on the specified activity. Based on the level of risk involved, the Department may require some applicants to outline a budget for delivering an activity which specifies how the grant is to be expended.

Therefore, before submitting your application you should:

- have a clear understanding of how the grant funding you are applying for will be used to deliver your proposed activity or services;
- seek to estimate costs as accurately as possible as cost overruns will need to be funded through other sources;
- ensure your application does not include or hide costs that are ineligible for funding as these will need to be funded through other sources; and
- be prepared to outline a budget for how the activity or service will be delivered (applicants may wish to have reference the National Standard Chart of Accounts account categories to assist with this process).