

Compliance & Governance Guide

Understand your obligations under Australian grant administration frameworks.

Introduction: Good Governance is Good Grantmaking

For Australian councils, administering a grant program is not just about community development; it is an exercise in public administration involving the management of public funds. Good governance is the bedrock of a fair, transparent, and effective grant program. This guide provides an overview of the key compliance and governance frameworks that apply to local government grant administration in Australia.

1. The Commonwealth Grant Rules and Guidelines (CGRGs)

While the CGRGs apply specifically to Australian Government entities, they represent the gold standard for grant administration in Australia and are considered best practice for all levels of government, including councils. Adopting the principles of the CGRGs will help ensure your council's grant program is consistent, transparent, and accountable.

Principle	What It Means for Your Program
1. Robust Planning & Design	Develop your program based on a clear needs assessment and well-defined objectives.
2. Collaboration & Partnership	Engage with stakeholders and the community in the design and delivery of your program.
3. Proportionality	Match the complexity of your process to the value and risk of the grants you are awarding.
4. Outcomes Orientation	Focus on achieving and measuring real-world outcomes and demonstrating impact.
5. Value for Money	Ensure your program delivers the best possible value for public money.

Principle	What It Means for Your Program
6. Governance & Accountability	Maintain transparent governance, documented criteria, and robust record-keeping.
7. Probity & Transparency	Conduct your process with the highest standards of integrity and impartiality.

2. Local Government Acts and Regulations

Each state and territory in Australia has its own Local Government Act, which sets out the legal framework for council operations. While these Acts may not contain specific rules for grant administration, they establish overarching principles of good governance that all council activities must adhere to, including sound financial management, transparency and accountability, conflict of interest management, and clear delegations of authority.

3. Probity and Ethical Conduct

Probity is about ensuring fairness, integrity, and impartiality. It is essential for maintaining the community's trust in your grant program. The following checklist summarises the key probity requirements for a well-governed grant program.

- Grant guidelines are published and easily accessible to all potential applicants.
- A clear, weighted scoring rubric is applied consistently to all applications.
- All staff and panel members complete a conflict of interest declaration before assessment.
- All applicant information is kept confidential and secure.
- Funding decisions are made at arm's length, free from political interference.
- Detailed records of the assessment process are kept (scores, panel minutes).
- A list of all successful recipients and grant amounts is publicly announced.
- Constructive feedback is provided to all unsuccessful applicants.

4. The Grant Agreement

A grant is not a donation; it is a conditional transfer of funds. The grant agreement is the legally binding contract between the council and the grant recipient. It sets out the terms and conditions under which the funding is provided. The complexity of the agreement should be proportional to the size and risk of the grant.

Element	What to Include
Parties	Legal names of the council and the recipient organisation.

Element	What to Include
Grant Amount & Payment Schedule	Total amount and schedule of payments (e.g., upfront, on milestones).
Project Description	A detailed description of the project being funded.
Term	Start and end dates of the funding period.
Reporting Requirements	What reports are required and when they are due.
Acquittal Process	How the recipient must account for the expenditure of grant funds.
Acknowledgement of Funding	How the recipient must acknowledge the council's support.
Variation & Termination	Process for varying the agreement and circumstances for clawback.

"Good governance is not about creating unnecessary red tape. It is about building a grant program that is fair, effective, and accountable to the community it serves."