

## WACC POLICY

# PROJECT FINANCIAL CONTROL

*Issued by the General Secretary*

2021

WACC is committed to promoting, strengthening, and supporting communication by and for marginalised, vulnerable and disadvantaged people. One of the ways in which it does this is by entering into project partnerships with groups composed of, or working on behalf of, such people.

There is always some degree of risk in providing funds to project partners. In particular, some of the groups that are best-placed to partner with WACC to deliver the changes that the Association hopes to achieve have limited operational and financial management experience. Before deciding to enter into any project partnership, WACC must compare the benefits to be gained with the associated risks.

The Association must take appropriate actions both before the project commences and while it is underway to limit the risk to the funds to be provided.

### Preliminary actions

1. WACC will only contemplate entering into a project partnership where the results which the project are intended to achieve are consistent with the Association's objectives.
2. Before deciding to enter into a project partnership with any group, WACC must be satisfied that:
  - a. The activities that are proposed for the project can reasonably be expected to deliver the intended results, and that the activities can be completed and the results achieved within the proposed timeframe of the project.
  - b. That the amount of funding for the project is consistent with the scope of activities that are proposed and that these activities represent a cost-effective way of achieving the intended results.
  - c. That the prospective partner for the proposed project has, or can obtain, the necessary human and other resources required to deliver the activities that are contemplated.
3. WACC will enter into a project partnership with a group which has previously managed a project funded by the Association and which had largely failed to achieve only its objectives, when specific measures, in addition to those that would normally be required, are in place to ensure that the proposed project will achieve its objectives.

4. Before entering into a project partnership, WACC will take reasonable steps to ensure that:
  - a. The group proposing the project is a legitimate organisation, with a defined management structure consistent with the size of the organisation, and in particular will:
    - i. Unless the group is known to the Association, obtain two reliable independent references,
    - ii. Provide an opportunity for the relevant Regional Association to comment on the suitability of the group to undertake the project, and
    - iii. Make such other enquiries as are considered appropriate for the magnitude of the funds to be disbursed by WACC.
  - b. There are systems in place for securing the funds provided to the group, including the existence of a bank account in the name of the group.
  - c. That the organisation is likely to be able to control the funds being provided by:
    - i. Having in place the necessary staff or a consultant with financial management experience to monitor, record and report the income and expenditure of funds, or
    - ii. Being committed to developing, in co-operation with WACC, the systems necessary to control finances<sup>1</sup>.
5. WACC will not enter into a project partnership until it has confirmation from the partner that any funds to be contributed to the project by the partner or third party are available or, if not required in the early stages of the project, are reasonably assured.

## Project Commencement

6. WACC will issue a project agreement, which must be accepted by the project partner and returned to WACC before any monies are advanced.
7. The project agreement will indicate the maximum amount to be contributed by WACC to the project and the schedule on which the funds will be provided, and will note that WACC's contribution will be less if it is found that the full amount is not required.
8. Except under unusual circumstances and where the amount of money to be provided by WACC is small, the agreement will indicate that there will be a 'hold back' of funds which will not be available until the project is substantially complete.

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<sup>1</sup> Where appropriate, WACC may support a project component designed to increase the partner's capacity for financial management to meet generally accepted standards.

9. WACC will require the partner to agree that the financing of the project will, at the completion of the project:
  - a. Be audited, either independently or as a part of the finances of the organisation, or
  - b. In the case of a small project, subject to independent review, with the reviewer identified in advance of the commencement of the project.
10. WACC will require the partner to submit a budget for the project, and will not proceed with the project unless satisfied that the budget represents a reasonable allocation of funds.
11. Where a project is to extend over a significant period, the budget for the project must indicate the activities to be undertaken and the anticipated expenditures in shorter periods (usually three months) to facilitate monitoring.
12. For large projects, additional financial control procedures will be developed identifying the roles and responsibilities of WACC staff in ensuring that the distribution of funds is properly managed. These will be specified in written form and will become part of the Memorandum of Understanding with the partner.

## Project Management

13. Funding for any project will be advanced by WACC no more quickly than indicated in the agreed budget.
14. Payments relating to a project will only be made to the bank account of the group (see 4.b).
15. An acknowledgement of the receipt of any payment is required, and no additional payment will be made before the receipt for a previous payment is received.
16. The project partner will be required to provide a list of activities undertaken and actual expenditures at the end of each budgetary period.
17. Reports of activities and expenditures will be reviewed by the appropriate Programme Manager who will:
  - a. Compare the activities with the expenditures to ensure that the funds are being properly managed,
  - b. Compare the activities with the agreed budget to ensure that the project is on target, and
  - c. Compare the expenditures with the agreed budget to identify any need for a revision to the budget.
18. Where a project extends over a period greater than one year, WACC will arrange for a competent person to visit the project to monitor progress with the project partner, and to review expenditures and financial management systems.
19. WACC will suspend or modify payments being made to a project partner, and may do so without warning if there are concerns that funds are not being properly utilised.

20. The 'hold back' payment, if any (see 8), will not be released until required reports have been received from the project partner.