



# MANX LOTTERY TRUST GRANT SCHEME

## GOOD GOVERNANCE GUIDE

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## GOOD GOVERNANCE GUIDE

Manx Lottery Trust (MLT) is an Isle of Man registered charity, an independent charitable trust, and a delegated partner of Big Lottery Fund.

Although the MLT is accountable for public funds, in an increasingly competitive funding environment there is no guarantee of receiving funding from the MLT. The funding it provides is discretionary. This means that no organisation is automatically entitled to receive funding and we have to look at an organisation's capacity to handle MLT grant funding.

In order to ensure these funds are spent effectively and not misused we have a number of measures in place to ensure that organisations that receive MLT funding have provided sufficient and appropriate governance arrangements.

We pay as much attention to your organisation's capacity to handle public funds as we do to the project you are hoping to run. We review your application form and the governance arrangements of your organisation, as detailed, before we assess the project proposal. We will also conduct this review if there are any changes to your organisation or named contacts during the life of any grant awarded.

### WHAT DO WE MEAN BY GOVERNANCE?

Governance means the way your organisation is set up and run. It is partly about the procedures, policies, documents and management arrangements you have in place for the way you administer and control your organisation, including its finances and delivery of what it has been set up to achieve. It is also about your organisation's relationships with the stakeholders and the aims and objectives of your organisation.

The main stakeholders will include trustees, people and groups who use your services and activities, directors and employees. Other stakeholders include professional services, banks, regulators and the community at large.

### WHY IS GOOD GOVERNANCE IMPORTANT?

The MLT does not have unlimited funds. We must ensure that our money is going to organisations that can effectively deliver projects to those most in need and is being used for the genuine benefit of the community. To ensure this, we will only make awards to organisations who can demonstrate that they have adequate governance to hold our funds 'on trust' whilst they deliver these aims. In the financial year 2019/19 we awarded around **£800,000** of public money; this is a substantial sum. However, in that same period the MLT received applications for grants totalling almost **£800,000**, which demonstrates how competitive our programmes are. Unfortunately there is never a guarantee of receiving funding from MLT, no organisation is automatically entitled to receive an award. You should not assume that having received one award, you will continue to receive other awards. You should never rely on MLT funding to keep your organisation running. We have been established to fund delivery of projects to those most in need, not the organisations themselves.

With competition for funding increasing we are looking for more evidence of your organisation's ability to manage public funds. It is essential that you can demonstrate to us that you have the sound governance structures required to ensure that your organisation can successfully manage and deliver the project you want to be funded. This is just as important as demonstrating that your outcomes will bring benefits to those most in need. If you do not have the governance structure to deliver the outcomes, then the real benefits will not be felt.

We are not asking for any additional governance arrangements than those already required by Charity or Company law or that a well set up organisation will have. If you are a public sector organisation we will expect that your governance and record keeping will be in accordance with the relevant statute and guidance issued by the relevant regulatory bodies. We are seeking reassurance that your organisation has sufficiently sound governance to enable you to concentrate upon the delivery of what your organisation has been set up to achieve, which includes the project we will be funding.

## WHY IS GOOD GOVERNANCE IMPORTANT? (CONTINUED)

We therefore operate grant assessment processes that include the screening of all organisations applying via a risk analysis process. We may also conduct risk based checks throughout the management of any funding awarded.

## WHAT IS RISK ANALYSIS?

Risk analysis is a process that first takes place when we receive an application from an organisation regardless of its status, size and location. If this analysis highlights any areas we need to look at in more detail then the application undergoes further risk assessment.

If we have already identified concerns about an individual involved with your organisation or the application, who has unresolved issues with the MLT or its predecessors in the past, your application will undergo further risk assessment. This individual may be a signatory, referee or have some other connection to your organisation or application.

Please note, we may be restricted in the amount of personal information regarding individuals we can share due to the Data Protection Act 2002.

## WHAT IS RISK ASSESSMENT?

If an application needs to go through further risk assessment, then we check the governance arrangements in more detail before the application is assessed for project outcomes. If the governance arrangements are found to be below our acceptable threshold, the application is rejected without undergoing a full assessment and the reason given is that the details about your organisation have not met our minimum standards.

If the application has undergone risk assessment because of an individual, and this person's history leads us to conclude that it would still be potentially unsafe to entrust the public funds to this person, the application will fail risk assessment and it will be rejected.

Our checks apply not only to applications but can also take place at any point during the management of a grant.

## PERSON VERIFICATION

To help us reduce fraud we will use the name, home address and date of birth of both of the named contacts in your application or personal details change form to carry out some basic identity checks. If your named contacts change during the life of a grant we will conduct the same checks on these people. We are more likely to be able to verify someone's identity if they are on the electoral roll. We cannot make a grant or make grant payments to your organisation unless we can verify your named contacts.

## WHAT DO WE EXPECT OF AN ORGANISATION?

We strongly suggest that your organisation, when considering applying to any MLT or Community Awards programme or making changes to organisation or contact information during the life of a grant, should take note of the following areas:

### Read the application information in detail

Firstly, and most importantly, managers, trustees and directors of your organisation should read carefully and understand the guidance notes, application form and terms and conditions of grant. Before applying to any MLT programme or Community Awards programme all relevant individuals in your organisation should understand what is required of them and the consequences of not complying with the terms and conditions. A grant agreement is a legally binding agreement with the MLT; this makes it essential for you to understand what is expected.

We are not assessing anything in an application which we have not already told you about in the guidance notes. There are no trick questions. If we say that we expect you to have, for example, a child protection policy, we do expect you to have an up to date child protection policy and would be within our rights to ask to view that policy and evidence that it has been implemented. It is essential that you read and understand what is expected and ensure that you comply fully with all of our requirements.

### Fill in forms and supporting documents carefully and correctly

Make sure that all personal information, such as names and addresses are spelt correctly and consistently. You should never use correction fluid or make amendments to your form. If you make a mistake when filling out your form, delete it with a single line only and initial your mistake. Application forms and forms telling us about changes to your contacts or organisation must be completed by your organisation, not a third party.

### Organisation's address

The address for your organisation, which you provide with your application or on a organisation details change form, must be the up to date registered address. We recommend this to be the organisation's office address (if you have one), not the home address of a trustee or the main contact.

### Governing documents

Your governing documents must be up to date, correct and in line with the requirements of your regulatory body (if relevant). If requested at any stage you should ensure that you send us the latest, correct, adopted and signed version of your governing documents.

### Trustees and management teams

The information you provide about your current management team and trustees must be consistent with information currently registered at Company Registry, Charity Registry or any other regulatory authority. We do check this.

### Your supporting documents

We will look to see that your governing documents are consistent with other documents you submit or we ask to inspect. We require the information within your application form, governing documents and other supporting documents (such as accounts) to be consistent.

## WHAT DO WE EXPECT OF AN ORGANISATION? (CONTINUED)

### Bank statements

The organisation's name and address must be consistent with the registered address on your governing documents and application form. If there are changes to your organisation during a grant award e.g. name or status, then we would also expect the bank account information to be amended.

If you are awarded a MLT grant we may ask you to ring fence any money you are awarded in a separate bank account so it can be accounted for.

If we make an award, we may fund you in advance of your expenditure on the project. These funds will be held by your organisation for the purpose of delivering your project and must not be used for any other reason. All relevant individuals should understand their responsibilities for holding and spending these funds, supported by clear audited accounts, to deliver the agreed funded project.

### Accreditations

You should be sure that all professionals you employ, such as accountants, solicitors or architects, have the correct up to date accreditation and registrations.

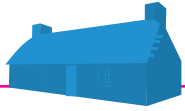
We will check this. As we are awarding public money, we must be sure that the professionals you employ have the correct and appropriate qualifications for the job they are asked to do. We appreciate that this can sometimes cost more money, but we believe that this is money wisely spent. It is not good governance to save money by using 'professionals' who do not have the correct qualifications. A simple check with the relevant authority will tell you whether the professional holds the accreditations that they claim.

### Policies and procedures

Your organisation's formal policies and procedures must be up to date, meaningful and enforced. This in particular applies to policies and procedures regarding child protection and vulnerable adults. For projects involving work with children, young people and vulnerable adults we expect project workers, who have direct contact with any of these vulnerable groups, to have enhanced CRB clearance. Your policies must be relevant, accurate, up to date and implemented.

### Signatories

You must be sure the correct people in your organisation are signing the forms and governing documents. If a trustee or director's name changes you should ensure that the name change is reported to the appropriate regulatory bodies and recorded on your governing documents. If a trustee or director is routinely known by another name or names, then only the registered name should be used on all application and monitoring documents.



## WHAT SHOULD I DO IF I HAVE FURTHER QUESTIONS?

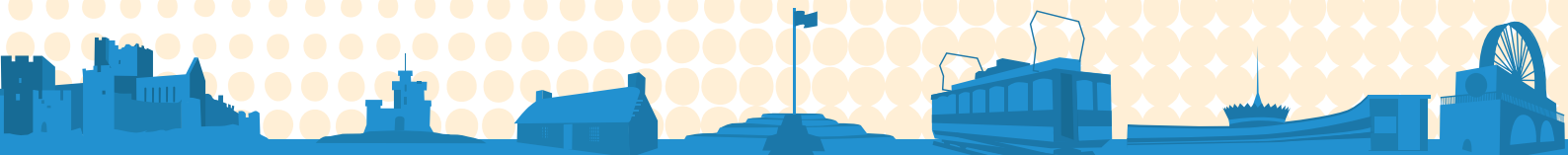
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If you have questions about good governance, please contact us

**Manx Lottery Trust**  
**7 Auckland Terrace**  
**Parliament Street**  
**Ramsey, Isle of Man**  
**IM8 1AF**

Tel: 0800 047 0036

Email: [grants@mlt.org.im](mailto:grants@mlt.org.im)



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