CULTURAL PROTECTION FUND
Financial Reporting Guidance

2022 - 25 Financial reporting guidance for grant recipients

November 2022

FINANCIAL REPORTING AND GUIDANCE

The Grant Recipient Guidance 2022-25 provides a general overview around grant payments and the information required. This guidance provides you with the in-depth advice required to undertake satisfactory financial reporting to the Cultural Protection Fund.

Your project will be required to undertake detailed financial reporting and therefore should ensure that there is a dedicated staff resource who understands the financial reporting processes and is familiar with the preparation of cash flows, forecasts, and budgets.

All grant monies will be paid directly to the lead applicant organisation in GBP (British pound sterling) in line with the terms and conditions detailed in the Grant Agreement. You must ensure that your principal bank account and any routing banks are able to receive grant funds in GBP. The applicant organisation will be responsible for ensuring that all grant funding, including any funding received or managed by local partner organisations, is spent according to the terms and conditions of the Grant Agreement.

The lead applicant organisation will be responsible for ensuring that all grant funding, including any funding received or managed by partner organisations, is spent in line with the terms and conditions of the Grant Agreement. You should therefore conduct appropriate due diligence before engaging with project partners. Bank charges or other transfer charges within justifiable reasonable limits, can be claimed from the grant.

ALL invoices and receipts relating to project expenditure must be retained by the lead applicant organisation and may be requested for inspection by the British Council during or after the project. Proforma invoices and quotations are not accepted as approved evidence.

Exchange rate losses are ineligible to be claimed from the grant. You are expected to manage any exchange rate losses or gains throughout your project duration and therefore should ensure that you have investigated and worked out a way to mitigate risks from exchange rate fluctuations.

PART 1: PAYMENT SCHEDULE
Shortly after you are notified of your grant award, your Grant Manager will contact you to agree a payment schedule for your project. The payment schedule sets deadlines for which we need to receive payment requests and the expected amounts that will be spent during that reporting

period. You should notify us immediately if you anticipate a delay in your project expenditure and submission of payment request. The cost and timeline of project activities, the cashflow and the payment schedule may need to be altered in the case of any delay.

Grants are paid in arrears unless there is evidence of advanced payments being required by a project. The request for receiving grant payments in advance must be made in writing with the organisation's financial accounts, cash flow and justification for requiring advance payments and has to be formally approved by CPF on a case-by-case basis. For projects on advance payments, a minimum of 10% of the total grant will be paid in arrears at the end of the project.

Please note that if grant funding allocated to a particular financial year is not claimed and evidenced before the final payment request date deadline in March specified in your payment schedule, the funding cannot be rolled over into future financial years. This means that the project will have to forgo their remaining grant award amount.

Expenditure relating to advanced payments also must be evidenced by the specified March deadline as without the evidence being approved, the final arrears grant payment will not be made and you may need to repay the unevidenced grant back to the British Council.

PART 2: GRANT PAYMENTS

Your grant payments will be made in line with the payment schedule in your Grant Notification Letter, but you will be responsible for requesting each grant payment as per the schedule. We would expect to receive the payment request on or before the scheduled date. To request a grant payment, you should complete and submit the

- Updated Progress Report and Payment Request form
- Updated Invoice Tracker
- Updated Risk Register

and submit the following supporting evidence

- Evidence of delivering project activities
  - for example, photos of a workshop taking place, the workshop agenda and list of participants etc.
- Evidence for spending grant funds on project activities (please see section below on supporting financial evidence) – you only need to submit this evidence for individual costs worth £500 and over. For individual costs below £500, please itemise these on the invoice tracker.

PART 3: ADVANCE PAYMENT PROJECTS

Projects which have been approved to receive grant funds in advance will request their first advance grant payment by submitting the following:

- Completed Progress report and Payment Request form

You would need to complete the payment request form with the first advance amount. The progress report section of the form does not need to be completed for this first advance request.

For the second and subsequent payment requests, advance projects will request grant payment by completing and submitting

- Progress Report and Payment Request form
- Invoice Tracker
- Supporting evidence for project activities and expenditure against the previous advance (only for items for £500 and over).

Each payment request from a project will be checked and approved by the CPF team before it is processed for payment. Your grant manager will check and approve the progress report to ensure that the project is on target; the spend will be checked for its eligibility against the supporting evidence provided. If there are any queries, we will email the project to request a response and once the queries are all resolved to our satisfaction, the payment amount will be calculated.

If the project has not spent all their previous advance or failed to provide supporting evidence or the evidence provided was not approved, then in these cases the amount of unspent/unapproved advance would be deducted from the next payment request amount.

PART 4: PAYMENT RUN
All payments are approved by our central finance teams at various levels. Our payment runs happen fortnightly on a Monday. The internal process for the payment to be released from our bank account takes up to 3 weeks. The payment, once released, then takes 3-5 working days to reach a UK bank account. For overseas bank accounts, it can take longer. Please check with your bank to find out the time it takes to receive international payments.

If you haven't received the payment after the required number of days as advised by your bank, then please email us.

PART 5: FINANCIAL REPORTING
Progress report and payment request form
Each time a project requests a grant payment, it will be required to submit a progress report of the project activities delivered during a specific period as stated in the payment schedule. The progress report will require you to complete the period of the report, the amount of expenditure incurred since last report and a narrative part for reporting progress. It will also require you to provide information about any promotional materials and the rights for sharing.

Invoice Tracker
At Permission to start stage, we send you an invoice tracker template (excel spreadsheet) for your project completed with your project budget against the budget headings shown in your budget and cashflow spreadsheet.

You are required to complete the invoice tracker each time you request a payment along with other documents mentioned in the progress report and payment request form section above.

In the Payment Request form, you are asked to submit your expenditure since your last payment request. The Invoice Tracker spreadsheet is provided to help you keep track of your expenditure and payments, and you are required to complete and submit it with each payment request along with supporting evidence. An updated Invoice Tracker with current spend-to-date will be provided to you at the end of each payment period, and you will use this Tracker for the next payment period. Instructions on how to use the Invoice Tracker are detailed on the first sub sheet of the Tracker.

The invoice tracker has several sub sheets which are explained below:

Instructions – the first sheet provides you with instructions on how to complete the invoice tracker.

Grant payments – this sheet sets out the scheduled payments and actual payments made to the project.

Payment request summary – this sheet summarises the payment request against various budget headings and in case of advance projects, is also used to show how advances are being evidenced.

Sub-totals – this sheet summarises the project expenditure against the project budget headings and subheadings. This is a protected sheet and shows the amount of project budget spent and remaining to be spent.

Total project expenditure – this sheet has the sub-totals carried over from "Items up to £500" sheet as well as expenditure lines for spend of £500 and over.

Items up to £500 – this sheet contains all the expenditure incurred below £500.

Currency codes – this sheet contains 3 letter codes for all currencies. Please use this to indicate the currency in which money has been spent.

How to complete the Invoice Tracker
Please note that the cells in blue on the invoice tracker contain formulas so please do not overwrite or delete them. The instructions sheet explains how to add lines to the invoice tracker and copy formulas.

Items up to £500 sheet
This is the first sheet that should be completed with all items of expenditure less than £500. The columns on this sheet are explained below.

Column A and B – these are already completed with the budget heading and sub-heading so do not delete them.

Column C – enter the name of the supplier for goods or services purchased. When entering staff costs, please use this column to indicate the name and job title of the staff member.

Column D – enter the description of goods or services purchased. In case of staff costs, please use this column to indicate the month and percentage (if applicable) for which staff costs are being claimed.

Column E – enter the invoice date in this column. The date format to be used is the UK format date/month/year for example, 25/11/2020.

Column F – enter the currency code from the currency code sub sheet, for example, if the invoice is in Jordanian dinar, then enter JOD in this column. If the invoice is in GBP, then please enter GBP.

Column G – enter the amount spent corresponding to the currency entered in Column F, for example, if 200 JOD was spent, enter 200 in this column.

Column H – enter the British Council bookkeeping rate of the month in which the invoice is dated for example if the invoice is dated 25th May 2001 then the bookkeeping rate for May will be entered in this column. For example, taking the example above, if the JOD rate for May is 20.8 then enter 20.8 in this column. If the amount is in GBP, then please enter 1 in this column.

The bookkeeping rates are sent out at the beginning of each month to all projects.

Column I – this column contains formulas in all cells, and they are coloured in blue. Please **do not** enter anything in this column as the amount in GBP will be calculated automatically.

Column J – enter any additional information regarding a particular line.

Total Project Expenditure sheet
This sheet collates all the expenditure incurred on the project. The subtotals from Items up to £500 sheet are carried over to this sheet. These totals are on the first line coloured in blue under each budget heading and sub-heading. Please **do not** enter anything on the subtotal line.

This sheet is similar to the Items up to £500 sheet but has some additional columns which are explained below.

Column A – this column has been prepopulated with invoice numbers so save the supporting evidence with these invoice numbers, so it is easy to match it up with the line item.

Column J – All line items which are £500 or over require you to submit supporting evidence in the form of an invoice. Please indicate in this column if you are submitting an invoice.

Column K – If an invoice is missing you need to declare it. Please note that you may not be able to claim for expenditure that is not supported by an invoice.

Key points to note when submitting supporting evidence
- Please note that the UK financial year runs from **1 April to 31 March each year.**
- The final payment request submission date is **1 March 2025**. Any expenditure incurred after this date cannot be claimed from the grant for this year but will be paid from 2023/2024 grant.
- All project activities must be completed by the end of January 2025.
- All expenditure incurred in a financial year must be claimed by submitting the payment request and supporting evidence by the final payment request deadline date in March. Advance projects must settle all previous advances and provide evidence for their last arrears payment by the final payment request deadline date in March.

- Any grant funds not claimed within a financial year cannot be carried forward to the next financial year and any unclaimed grant will be lost.
- Transfer of funds from a project to a partner or partner organisation cannot be claimed as expenditure. It will only convert to expenditure when the partner has spent the funds and provided invoices and receipts as evidence. We may require you to submit the evidence from the partner to us.
- Proforma invoices and quotations are **not** accepted as approved auditable evidence.
- Exchange rate losses cannot be claimed from the grant. The project is expected to manage any exchange rate losses or gains throughout the project duration. They are also expected to work out a solution to mitigate against exchange rate losses.
- All invoices and receipts relating to project expenditure must be retained by the lead applicant organisation and may be requested for inspection by the British Council during or after the project.
- You must attach invoices (scans only) for all expense items with a value of **£500 and over**. We require you to submit invoices for all items of expenditure. Receipts would be accepted for expenses where usually no invoice would be submitted for example, payment of subsistence to workshop participants. In these cases, we will require additional evidence for example, breakdown of individual amounts and signatures from individual participants. If the evidence provided is not approved or not auditable, additional evidence may be requested.
- Please ensure that your invoices and receipts are clearly numbered as per the reference numbers provided in the Invoice Tracker and that these numbers correspond to the 'invoice number' column. Invoices and receipts in languages other than English are acceptable, but the lead applicant organisation is responsible for supplying the correct information from each invoice in English in the Invoice Tracker. Invoices and receipts which are not in English must be annotated with the date of invoice, description of expenses, currency, and amount.
- If you are not able to provide an invoice or receipt for an item of expenditure, you must provide a reason in the 'missing invoice declaration' column, and this will be assessed by the British Council.
- For invoices and receipts with a value of **up to £500**, there is still a requirement to detail this expenditure in the Invoice Tracker (see detailed instructions on the first sheet of the Invoice Tracker), but receipts and invoices are not required to be submitted to us. **Please note, however, that you are still required to retain invoices and receipts for ALL items of expenditure (even those under £500) and that we may call upon you to submit this evidence at any time for audit purposes, including spot checks.**
- All scanned copies of invoices must be clear and readable including ones that are not in English.
- Invoices and receipts in foreign currencies must be converted into GBP using the British Council's bookkeeping rates, which will be issued to you on a monthly basis. All non-GBP invoices and receipts under each payment request must be converted using the published rate for the month in which the invoice or receipt is (e.g. If the date on the invoice is 4 December 2022, then the bookkeeping rate for December 2022 must be used).
- In cases where an advanced payment has been received by your project, you must fully evidence all expenditure relating to the advanced payment in the Invoice Tracker. This

advance should be settled at the time that the next payment is being requested (if you only plan to settle part of your advanced payment then you must discuss this with your Grant Manager first). An advance is considered "settled" when all the related expenditure has been documented in the Invoice Tracker with applicable invoices and the full amount has been recorded and approved by the British Council.

It is the grantee's responsibility to provide evidence that supports the expenditure incurred and being claimed from the grant. We may ask for additional evidence if the evidence provided is not deemed to be satisfactory or we have additional queries.

Below are examples for some of the supporting evidence required. This is not an exhaustive list. If you have any questions regarding the type of evidence required, then please contact us before incurring the expenditure and we will be happy to advise you.

We expect grantees to itemise their expenditure in the invoice tracker when submitting their payment request, rather than combining them. If there are combined costs on the tracker, you would be asked to provide a detailed breakdown of the costs incurred and you will also be asked to provide receipts for all expenses for £500 or over.

Staff costs
Monthly payroll download clearly showing the amount of salary and allowances paid to staff working on the project as well as a list of project staff with percentage of time spent on the project, signed by senior finance staff.

International flights
E-ticket or receipt showing full itinerary, cost, and class of travel.

Subsistence or Per diem
For subsistence or per diem paid to participants for an event, we would require the breakdown details including names of participants, individual amounts paid to them and their signatures confirming receipt.

Professional fees
Invoices from consultants with details of work completed, duration of work, rate, and amount and proof of payment.

Overheads
Grantees will, at the start of the project, agree the amount of overheads they are expecting to claim from the project, with their grant manager.

To show evidence of overheads you must submit a letter from the finance department (or equivalent) confirming the percentage of overheads to be used by the project. Normally the same percentage will be applied to each month, in which case, one letter will suffice for the entire project. A new letter will be required if the percentage changes. Please see detailed section on Overheads below.

Final grant payment

10% of every grant will be retained until successful completion of the project. You will be required to submit your Evaluation Report and evidence of full grant expenditure before the final 10% payment is made. If you cannot provide evidence of the entire grant amount being spent on eligible project costs, you may not receive the full final payment. If you have received advance payments totalling more than you have spent on your project, you will be required to return the unspent grant back to the British Council.

Annual review
Your grant award will be reviewed on an annual basis at the end of the financial year. At the review meeting, you and your Grant Manager will discuss the highlights of the project, the challenges faced and also get feedback on the grant process and the Fund in general.

PROJECT BUDGET
VAT (Value Added Tax)

- If you are liable to pay VAT on certain costs incurred in the UK, you should include irrecoverable VAT in the VAT column for all relevant costs.
- The British Council cannot provide advice on VAT liability. Any queries should be directed to HM Revenue & Customs.
- We cannot authorise the transfer of any part of the project costs to or from VAT. This means that if you underestimate VAT, you will have to pay the extra costs, and if your VAT status changes so that you can reclaim more than you expected, you will need to return the relevant portion to us.

Project budget headings and sub-headings
The types of costs included in the project budget and sub-budget headings are outlined below.

Capital cost headings

Physical conservation work
Costs of physically protecting or securing cultural heritage sites or assets. *

Equipment and materials
All equipment and materials relating to the above physical work or purchase of supplies for future work (this might be part of the project's risk mitigation plan as outlined in the risk register). It also includes storage and packing. Do not include materials relating to training and activities here.

Other
Please list any other items that you consider to be capital costs (not including staff costs).

Professional fees relating to any of the above
This includes any person appointed for a fixed fee to help with planning and delivering capital work in your project. See description of professional fees in the staff costs section.

Activity cost headings

Staff costs

This may include the costs of new fixed-term contracts, freelance staff, extra hours for existing staff or the cost of filling a post left empty by moving an existing member of staff into a post created for the project. In some cases, we can also consider a reasonable amount of existing staff costs which relate directly to project delivery, are not funded by any other source and are necessary to enable project delivery. If you intend to include existing staff costs in your budget, you will need to calculate the percentage of the staff member's time to be spent working on the project and clearly indicate which staff costs in the budget are for existing staff. Existing staff costs plus overheads may not exceed 25% of the total project budget. Do not include the costs of paying trainees here.

New Staff costs

These are costs for new posts directly related to project delivery. They are recruited for the project, and the full cost is charged to the project.

Once this post is recruited, the grantee is required to retain the contract, which we can request to see at any time. Costs should be evidenced through payroll reports provided by the finance department of the grantee organisation (with the relevant names highlighted).

There is no set limit on the amount of new staff costs that can be included in a project budget, however, the project needs to consider that excessive new staff costs may affect the value for money assessment.

Existing staff costs

These are costs for existing staff who will be contributing a percentage of their time to the project. They can include people working directly on the project (e.g. a university PI) or providing support from departments such as HR and finance. If a person who was already employed by the grantee organisation applies for a new role which is created by the project, then they are counted under new staff costs, not existing staff costs.

The calculation of existing staff time should be clearly recorded, as if funded, your grant manager would request for it to be submitted. This would normally take the form of a table setting out the rate of pay x hours/days worked for each existing staff member. Please note that the rate of pay should be the same one incurred by the employer (i.e. the actual cost to them, not a flat day rate that you would expect to pay a consultant). Those costs should also be evidenced through payroll reports provided by the finance department of grantee organisation (with the relevant names highlighted).

The total of existing staff costs and overheads cannot be more than 25% of the total project costs, and this is checked at assessment stage.

Professional fees

Professional fees refer to people who are employed on a consultancy type contract rather than as an employee of the grantee organisation, therefore they are not included in the payroll and the contracts for such professionals need to be procured.

Grantees are required to keep records of contracts and procurement processes, and we can ask to see these if required. Invoices from consultants should be supplied as evidence for payment request.

There is no limit on the amount of professional fees to be included in a project budget, but this may affect the overall value for money judgement made at the time of assessment, and all grantees must follow our procurement policies to ensure value for money is achieved.

Overheads

By overheads, we refer to the indirect costs (e.g. rent, heating, etc) which are necessary to support the work of an organisation. Given our focus on value for money we would assess at the time of assessment whether the inclusion of overheads represents good value for money. Grantees will submit their proposed overhead amounts, the breakdown, the rationale and the calculations to the grant manager and these will be assessed on a case-by-case basis.

For not-for-profit organisations with no other means of recovering their overheads (not universities and publicly funded organisations), we will consider funding a reasonable amount of overheads associated with project delivery. If you intend to include overheads in your project budget, you will need to provide evidence of how you have calculated the overheads for your organisations and how you have apportioned your overheads for the project you are asking us to fund.

The calculation of overheads should be clearly recorded. This normally takes the form of a percentage of total budget which represents the percentage of resources dedicated to the CPF funded project, but this should be explained by the applicant/grantee and will only be accepted if it appears reasonable. In terms of evidence, you should submit a letter from the finance department (or equivalent) confirming the percentage of overheads to be used by the project. Normally the same percentage will be applied to each month, in which case, one letter will suffice for the entire project. If this percentage changes, then we would require a new letter.

As above, <u>the total of existing staff costs and overheads cannot be more than 25% of the total project costs.</u>

Training for staff

This includes the cost of all trainers and resources needed to deliver activities to help staff from local partner organisations gain new or increased skills.

Paid training placements

This includes bursaries or payments to trainees in or from target countries, as well as all resources needed to deliver activities to help trainees gain new or increased skills.

Training for volunteers

This includes the cost of all resources needed to deliver activities to help volunteers in or from target countries to gain new or increased skills.

Travel for staff

This may include the cost of travelling to a site or venue. Economy class should be booked for air travel, and standard class for train travel. Travel costs by car should be based on the appropriate rate per mile in the given country.

Travel and expenses for volunteers

This may include food, travel and any other expenses to ensure volunteers are not out of pocket. The above travel policy for staff also applies to volunteers.

Equipment and materials

This includes the equipment and materials related to all learning, engagement and advocacy activities. Do not include materials relating to training here.

Other

Include any other costs relating to activities here.

Professional fees relating to any of the above

This includes any person appointed for a fixed fee to help with planning and delivering the learning, engagement or advocacy activities of your project.

Other cost headings

Recruitment

This can include advertising and travel expenses.

Publicity and promotion

This includes promotional materials that relate directly to your project.

Evaluation

You must evaluate your project and allocate a sufficient budget for evaluation this process. Staff in your organisation can do this, or you may want to employ someone to help. Evaluation costs should be approximately 3% of your overall project costs. Further evaluation guidance will be provided.

Other

Include any other costs which are relevant to your project (and not covered by any of the headings above).

Contingency

Contingency costs should only be included here and not in the costs under each cost heading. Not all cost items will need a contingency. When calculating your project budget, you would have calculated your contingency costs and agreed this with your grant manger. Your calculation for contingency should reflect:

- the degree of certainty with which you have arrived at your cost estimates;
- the project plan; and
- the risk in relation to your project location and the type of project you are carrying out.

You will need to seek approval from us for use of contingency during project delivery.

Inflation

While building the project budget, you would have included an allowance for inflation for any items that may increase in cost over the period of your project. This inflation allowance cannot be claimed as a separate item of expenditure, rather this increase would be included in the project expenditure.