



**Australian Government**  
**Department of Education and Training**

**Business**  
Industry Skills Fund

# **INDUSTRY SKILLS FUND GUIDE TO MANAGING YOUR GRANT**

**Version 2**

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# 1 PURPOSE OF THIS GUIDE

The *Industry Skills Fund Guide to Managing Your Grant* is designed to assist businesses and consortium leads that have been approved for an Industry Skills Fund (fund) Training Grant (recipient). In particular, it should help recipients understand:

- the terms and conditions of an *Industry Skills Fund Funding Agreement*;
- reporting responsibilities and obligations;
- grant payments;
- applying to vary an agreed project;
- keeping the Department informed of changes to the agreed project and/or business/consortium status; and
- compliance visits

This guide does not replace, limit, vary or operate in preference to any terms or conditions contained in an *Industry Skills Fund Funding Agreement*.

## 2 INDUSTRY SKILLS FUND FUNDING AGREEMENTS

### 2.1 INTRODUCTION

An *Industry Skills Fund Funding Agreement* (Funding Agreement) is a formal contract between the recipient and the Commonwealth and sets out the terms and conditions of grant support and obligations of both parties under the *fund*.

In determining the types of Funding Agreement made available to you, the Department will have taken into account project duration, cost, complexity and your preferred reporting arrangements.

Three categories of Funding Agreements are available:

- **Single Payment** – one payment, on evidence of completion of training and payment of training costs.
- **Split Payment** – two payments, one to reimburse fees paid in the first month of the project, on evidence of payment, and the second on evidence of completion of training and payment of training costs. At least 30 per cent of the government co-contribution amount will be held with the final payment to encourage training project completion.
- **Multiple Payment** – one payment to reimburse fees paid in the first month of the project, on evidence of expenditure, followed by payments of actual costs incurred at the completion of a specified period (usually 6 months, otherwise at the discretion of the Department), on evidence of expenditure, and then a payment on evidence of completion of training and payment of remaining training costs. At least 10 per cent of the government co-contribution amount will be held with the final payment to encourage training completion.

Payments made under any Funding Agreement type are subject to the provision of the requisite report to the Department's satisfaction. In addition, all Funding Agreements pay in arrears.

Each Funding Agreement type requires different project reporting conditions to be met. As such, this Guide is structured so that the specific requirements for each type of Funding Agreement are set out separately.

### 2.2 TERMS AND CONDITIONS OF FUNDING AGREEMENTS

All Funding Agreements comprise several parts:

- The Funding Agreement document itself;
- the Industry Skills Fund Supplementary Terms (short or long form as appropriate);
- the Industry Skills Fund Program Guidelines;
- the Industry Skills Fund Customer Information Guide;
- this guide (the Industry Skills Fund Guide to Managing Your Grant); and
- the *Commonwealth Grants Rules and Guidelines – July 2014*.

If the recipient does not comply with the conditions set out in any of these parts, it may be in breach of the Funding Agreement. Depending on the nature of the breach, the Commonwealth may withhold all future grant payments until compliance is achieved, require repayment of the Government contribution amount in full or in part, and/or may terminate the Funding Agreement. Consult your Funding Agreement for further details on the consequences of certain breaches.

## 2.3 CONSORTIA

Applications may be lodged by a lead member of a consortium to undertake a project involving three or more beneficiary businesses, provided that the lead member, representing the consortium, is willing and able to commit to the legal and financial obligations arising from the Funding Agreement.

The lead member will be required to sign the Funding Agreement, thereby committing to the terms and conditions of the Funding Agreement, and any legal and financial obligations arising from the Funding Agreement. Any correspondence associated with the project will be conducted with the lead member.

Specifically, the lead member must maintain complete records of its expenditure and work on the project, and allow the Commonwealth access to its records and premises. The conditions of the Funding Agreement require the consortium to ensure that any organisation within the consortium must keep the same type of records as the consortium is obliged to keep. Refer to clauses relating specifically to consortium projects in the Funding Agreement.

## 3 REPORTS AND PAYMENTS

Under the terms of all Funding Agreements, the recipient must provide reports to the Department. These reports are used to identify the progress and project expenditure for a given reporting period.

### 3.1 GENERAL REPORT CONDITIONS

All reports are due within 14 days of the end of the relevant reporting period.

If for any reason the recipient cannot meet its reporting obligations, a representative must contact the recipient's Customer Service Manager as soon as possible. If the recipient does not provide the Department with a report when it falls due, it will be in breach of the Funding Agreement.

It is understood that meeting reporting obligations under the Funding Agreement may require the recipient, from time to time, to provide sensitive information. Protecting sensitive information is important to the Department. For this purpose, please clearly identify any confidential information contained in reports. The Department must protect confidential information and may only disclose it in the limited circumstances described in the Funding Agreement. The confidentiality of information may also be protected by Commonwealth legislation, as well as the common law.

*Industry Skills Fund* reports must be submitted by a duly authorised employee or officer of the recipient having operational responsibility for, and a detailed working knowledge of, the contents of each report.

The appendices to this guide contain a report template that can be used for all *Industry Skills Fund* report types.

### 3.2 GENERAL PAYMENT CONDITIONS

The Department will pay grant payments by direct credit into a nominated bank account. The general conditions set out the specific requirements for this account. Grants under the fund attract Goods and Services Tax (GST) and grant payments shall take account of GST (see Section 3.7).

Payments made under any Agreement type are subject to the provision of the requisite report to the Department's satisfaction. In addition, all *Industry Skills Fund Funding Agreements* pay in arrears.

Payments will not generally be made for activities that are not completed. If all learners have completed all training activities as set out in the Funding Agreement, then payments will be for the full amount of the Commonwealth Proportion of actual expenditure (subject to the agreed total project cost and the limits on payments of different types set out in the table below). If all learners have not completed all training activities as set out in the Funding Agreement, then the payment will be made only to the extent of the completed activities (based on the cost of the completed activities), unless the recipient can demonstrate that:

- they have paid for the full number of learners and activities as specified; and
- they cannot recover the paid amount from the training provider; and
- as a result of having paid fees for the uncompleted training, they have not received and will not receive financial credit with the training provider.

The table below sets out the percentage limit of the Commonwealth Proportion of the project cost that can be claimed in different payment types. Note that these limits are subject to the satisfaction of the completion conditions set out above.

		Funding Agreement Type		
		Single	Split	Multiple
Payment	Commencement	N/A	70%	50%
	Progress	N/A	N/A	50%
	Total of Commencement and Progress	N/A	N/A	90%
	Final	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 3.3 SINGLE PAYMENT FUNDING AGREEMENT

Recipients who have signed a *Single Payment Funding Agreement* are required to submit only one report. This report must be submitted within 14 days of the completion of project training activities, and provide details of:

- the number of commencements and completions by training course;
- the Unique Student Identifier; and

- evidence of expenditure incurred<sup>1</sup>.

On submission of this report to the satisfaction of the Department, a payment of the Commonwealth Proportion based on actual costs to date (up to the agreed project cost) will be paid.

### 3.4 SPLIT PAYMENT FUNDING AGREEMENT

Recipients who have signed a *Split Payment Funding Agreement* are required to submit two reports, and receive two payments. In some circumstances, the recipient may also be required to submit an independent audit report. Your Customer Service Manager will notify you of your reporting requirements.

#### 3.4.1 COMMENCEMENT REPORT AND PAYMENT

The reporting period for the commencement report is the first 30 days from the start date of the project. This report must be submitted within 14 days of the end date of the reporting period, and provide details of:

- the number of commencements, completions and expected completions by training course;
- the Unique Student Identifier ; and
- evidence of expenditure incurred.

On submission of this report to the satisfaction of the Department, a payment of the Commonwealth Proportion based on actual costs to date will be paid, up to a limit of 70% of the Commonwealth Proportion of the agreed project cost.

#### 3.4.2 INDEPENDENT AUDIT REPORT

The reporting period for the independent audit report is as indicated in the Milestone table in Schedule 2 of the Funding Agreement. The number of audit reports required and reporting period/s will be determined by the size, duration and complexity of the project. An independent audit report will not always be required; if no audit report is specified in Schedule 2 of the Funding Agreement, there is no requirement to provide one.

Where the Recipient is required to provide one or more independent audit reports, the report must be prepared by an independent auditor.

This report must be submitted within 30 days of the end of the reporting period and must provide details of:

- Balance sheet;
- Income statement;
- Statement of changes in equity;
- Cash flow statement;
- Summary of accounting policies; and
- Other explanatory notes.

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<sup>1</sup> Evidence of expenditure refers to expenditure incurred to the provider or other agreed provider.

### 3.4.3 FINAL REPORT

The reporting period for the final report is from the end of the commencement reporting period to the completion of project training activities. This report must be submitted within 14 days after the completion of project training activities and provide details of:

- the number of commencements and completions by training course;
- the Unique Student Identifier; and
- evidence of expenditure incurred.

### 3.4.4 FINAL PAYMENT

On submission of the final report and any required independent audit reports for the project period, to the satisfaction of the Department, a payment of the Commonwealth Proportion of the remaining expenditure, based on actual costs to date, (up to the agreed project cost) will be paid.

## 3.5 MULTIPLE PAYMENT FUNDING AGREEMENT

Recipients who have signed a Multiple Payment Funding Agreement are required to submit regular progress reports over the duration of the project, as well as commencement and final reports; and, in some cases, independent audit reports. Payments can be claimed with each of these reports.

### 3.5.1 COMMENCEMENT REPORT

The reporting period for the commencement report is the first 30 days from the start date of the project. This report must be submitted within 14 days of the end date of the reporting period, and provide details of:

- the number of commencements, completions and expected completions by training course;
- the Unique Student Identifier; and
- evidence of expenditure incurred.

On submission of this report to the satisfaction of the Department, a payment of the Commonwealth Proportion based on actual costs to date will be paid, up to a limit of 50% of the Commonwealth Proportion of the agreed project cost.

### 3.5.2 PROGRESS REPORTS

The reporting period for each progress report is the six month period beginning from the end of the previous reporting period. Each report must provide details of:

- the number of commencements, completions and expected completions by training course;
- the Unique Student Identifier; and
- evidence of expenditure incurred.

On submission of these reports to the satisfaction of the Department, payments of the Commonwealth proportion based on actual costs to date (up to 90% of the agreed project cost) will be paid, up to a limit of 50% of the Commonwealth Proportion.

### 3.5.3 INDEPENDENT AUDIT REPORT

The reporting period for the independent audit report is as indicated in the Milestone Table in Schedule 2 of the Funding Agreement. The number of audit reports required and the reporting period/s will be determined based on the size, duration and complexity of the project. An independent

audit report will not always be required; if no audit report is specified in Schedule 2 of the Funding Agreement, there is no requirement to provide one.

Where the Recipient is required to provide one or more independent audit reports, the report must be prepared by an independent auditor.

This report must be submitted within 30 days of the end of the reporting period and must provide details of:

- Balance sheet;
- Income statement;
- Statement of changes in equity;
- Cash flow statement;
- Summary of accounting policies; and
- Other explanatory notes.

#### 3.5.4 FINAL REPORT

The reporting period for the final report is from the end of the prior reporting period to the completion of project training activities. This report must be submitted within 30 days after the completion of project training activities and provide details of:

- the number of commencements and completions by training course;
- the Unique Student Identifier; and
- evidence of expenditure incurred.

#### 3.5.5 FINAL PAYMENT

On submission of the final report and the independent audit report (if required) for each specified period, to the satisfaction of the Department, a payment of the Commonwealth Proportion of the remaining expenditure, based on actual costs to date, (up to the agreed amount) will be paid.

### 3.6 INACCURATE CLAIMS

Notwithstanding the making of any progress payment, the Department reserves the right to re-examine expenditure claims, to seek further information and to audit claims and payments as detailed under the terms of the Agreement.

In the event of an overpayment, the Department may seek to recover the amounts and take any other action provided for under the Funding Agreement or under the common law. To minimise potential repayment of any grant amount, the grantee should ensure at all times that payment claims are accurate and appropriate. It is also recommended that the grantee promptly notifies the Department in the event that the grantee becomes aware of any discrepancies in previous eligible expenditure claims.

### 3.7 OBLIGATIONS OF RECEIVING ASSISTANCE

*Industry Skills Fund* grant payments are subject to Goods and Services Tax (GST). The grant payment amount shall include a component to take account of GST. Eligible expenditure is calculated without GST which is then added to the grant payment. Please refer to the general conditions of the Agreement for further details regarding GST and payments.



The grantee is advised to seek professional advice regarding its obligations and the impact of the *Industry Skills Fund* grant on these obligations.

## 4 INDUSTRY SKILLS FUND COMPLIANCE VISITS

Compliance visits by the grantee's Customer Service Manager (or any person authorised by the Department) may take place periodically throughout the project period, and for up to seven years after project completion. The Customer Service Manager (or another authorised representative of the Department) may inspect any grantee records required to be kept under the Funding Agreement, and may examine project progress, for the purposes of reviewing compliance with the Funding Agreement. The Department will provide reasonable notice of any intended compliance visits.

## 5 REQUESTS TO VARY AN AGREED PROJECT

### 5.1 WHEN IT IS APPROPRIATE TO REQUEST A VARIATION

Circumstances may arise which impact on the objectives, completion and/or outcomes of the agreed project. Under the Funding Agreement the recipient will need to notify the Department of these changes. All Funding Agreements require the recipient to notify the Department of the matters discussed in section 6 of this guide.

If any other unanticipated circumstances arise that impact on the objectives, completion and/or outcomes of the project, the recipient may apply for a formal variation to the Funding Agreement—if it does not, the grantee may be at risk of breaching the Funding Agreement.

If the recipient wishes to make any of the changes to the agreed project (set out in this section) it must request a formal variation to the Funding Agreement which may require reassessment of the project against one or more of the ISF Merit Criteria.

Contact your Customer Service Manager for further information.

### 5.2 VARIATION TO EXTEND THE PROJECT PERIOD

Recipients may request an extension to the project period, provided that the revised end date falls within the same financial year that the project was originally due to complete in. No requests to extend projects into the following financial year will be approved.

A request to extend the project period must, as a minimum, demonstrate that:

- the extension, if approved, will significantly improve the outcomes of the project, or
- the recipient has experienced delays in completing or progressing the project due to circumstances that were unforeseen and/or beyond its control.
- the capability and capacity to carry out the proposed project is enhanced or maintained.

The maximum period that a project will be extended by is at the discretion of the Delegate

**NOTE:**

Extension requests will not be considered if the project completion date has passed.

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### 5.3 VARIATION TO INCREASE THE GRANT AMOUNT

Variations to increase the originally approved grant amount will not be accepted under any circumstances.

### 5.4 VARIATION TO NUMBER OF LEARNERS

Variations to the number of learners will only be considered where there is no increase to the grant amount.

A request to increase or decrease the number of learners under the Funding Agreement must as a minimum, demonstrate that:

- the increase or decrease in learners will still enable the Recipient to achieve the outcomes of the project;
- the change continues to demonstrate how the Recipient is positioning themselves to take up a growth opportunity;
- the productivity gains resulting from the proposed change will continue to deliver benefits to the Australian economy; and,
- the project still represents value for money (for requests to decrease number of learners).

Where the variation will result in a decrease to the grant amount, a request to vary the number of learners must also be accompanied by a costing of expenditure based on the decrease in learners. Any variation to increase the number of learners will only be provided for new and/or existing employees of the Recipient, and where there is no increase to the grant amount. The Department must receive a request to vary the number of learners before the project end date as requests received after this date will not be considered.

If a decrease or increase in the number of learners will impact on project outcomes, the growth opportunity or any other items articulated in the original Agreement, the Recipient must address this impact as part of the variation request.

### 5.5 VARIATION TO TRAINING ACTIVITY

Variations to training activities will only be considered where there is no increase to the grant amount and the variation will not extend the project into the following financial year.

A request to vary the training activity or training activities under the Funding Agreement, must as a minimum demonstrate that:

- the proposed new training activity is a training activity eligible under the Industry Skills Fund as set out in the Customer Information Guide;
- the links between the growth opportunity, the skills gaps identified in staff capability, and proposed staff training are enhanced or maintained;
- the project still represents value for money; and,
- the capability and capacity of the chosen training provider to carry out the proposed project is enhanced or maintained.

If a variation to the training activity will impact on project outcomes, the growth opportunity or any other items articulated in the original Funding Agreement, the Recipient must address this impact as part of the variation request.

## 5.6 VARIATION TO GRANTEE (NOVATION)

Variation to the Grantee will only be considered where there is no change to the project as originally approved in the Funding Agreement.

If ownership of the company changes, a request to vary the Grantee must, at a minimum, demonstrate that:

- the Grantee continues to meet the eligibility requirements for individual businesses as set out in the ISF Customer Information Guide;
- project outcomes or the growth opportunity are not adversely impacted by the change of Grantee;
- the ability of new Grantee to contribute to the cost of the project at the appropriate co-contribution rate;
- the productivity gains resulting from the proposed change will continue to deliver benefits to the Australian economy; and,
- the capability and capacity to carry out the proposed project is enhanced or maintained.

If accepted by the Department, a variation to the Grantee will result in a novation to the Funding Agreement, and the new Grantee will be required to enter into the novated Funding Agreement.

## 5.7 VARIATION TO CONSORTIUM MEMBERS

Variations to consortium members will only be considered to decrease the number of members and where there is no increase to the grant amount, and no change to the originally approved project period.

A change to consortium member/s will be considered where the number of members remains the same or decreases.

If there is an increase or decrease in the number of consortium members, or a consortium member is replaced, the lead member must apply to vary the Funding Agreement. The request to vary the consortium members must demonstrate, at a minimum:

- The impact of the change of consortium members on project outcomes or the growth opportunity articulated in the original Funding Agreement;
- Each consortium member under the varied Funding Agreement meets the eligibility criteria for consortia members as set out in the *ISF Customer Information Guide*.;
- a change in consortium member/members of a collaborative project where the original roles or skills set is retained.;
- the productivity gains resulting from the proposed change will continue to deliver benefits to the Australian economy; and,
- the capability and capacity to carry out the proposed project is enhanced or maintained.

If a variation to consortium members will impact on project outcomes or any other items articulated in the original Agreement, the Recipient must address this impact as part of the variation request.

## 5.8 VARIATION TO TRAINING PROVIDER

Variations to training providers will only be considered where the project will still be completed within the same financial year that the project was originally due to complete in. No requests to extend projects into the following financial year will be accepted.

Variations to training providers will not be considered where there is an increase to the grant amount.

If the training provider delivering your training changes, the Grantee must, at a minimum, demonstrate:

- the reasons for the change; and
- the capability and capacity of the chosen training provider to carry out the proposed project is enhanced or maintained.

If a variation to the training provider will impact on project outcomes, the growth opportunity or any other items articulated in the original Funding Agreement, the Recipient must address this impact as part of the variation request.

## 5.9 OTHER VARIATIONS

Other, less significant, changes in circumstances may not require a formal variation to the Funding Agreement. A minor change may involve:

- Variation to decrease the project period
- a change in project key personnel where the original skill set is retained

Please discuss the impact of changed circumstances on the grantee's project and Agreement with the grantee's Customer Service Manager before submitting any formal request to vary the Agreement. Minor changes may be approved through an exchange of emails between the Recipient Representative and the grantee's Customer Service Manager.

## 5.10 CONSEQUENCES OF NOT LODGING A VARIATION REQUEST

If the recipient departs from the project as described in the particular conditions of the Funding Agreement without applying for (and having approved) a formal variation to the Funding Agreement, the recipient may be in breach of the Funding Agreement. This may, in turn, lead to the termination of the Funding Agreement and/or repayment of all or some of the grant with interest. Contact your Customer Service Manager if in doubt.

## 5.11 HOW TO APPLY TO VARY AN AGREED PROJECT

Discuss lodging a request to vary the Funding Agreement with your Customer Service Manager, preferably before the change in circumstances has occurred or as soon as possible after a relevant change in circumstances.

All requests to vary a Funding Agreement must be made in writing in the form of an email to your Customer Service Manager.

Depending on the nature of the request, a variation request will be decided by the appropriate authorised officer. If a variation request is successful, the variation will take effect from the date nominated by the authorised Commonwealth officer.

In assessing a variation request, the following matters may be taken into account:

- the potential for the project to succeed, with or without the variation; and
- the impact the variation would have on achieving the expected outcomes.

### NOTE:

A Funding Agreement must not be treated as varied until a new Funding Agreement has been executed otherwise, the grantee may be in breach of the Funding Agreement.

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## 6 KEEPING THE DEPARTMENT INFORMED

### 6.1 WARRANTIES UNDER THE FUNDING AGREEMENT

If the grantee becomes aware of a breach of warranty under the Funding Agreement, it must immediately notify the Commonwealth of that breach. For a complete list of warranties, please refer to the Funding Agreement.

### 6.2 CHANGE TO GROWTH OPPORTUNITY

The grantee must immediately notify the Commonwealth (giving reasons) if at any time the grantee believes its capacity to achieve the project outcomes are compromised or there is a change to the growth opportunity. If a grantee fails to notify the Commonwealth of these changes, the Department may seek repayment of up to 100 per cent of the grant plus interest.

### 6.3 CHANGE IN GRANTEE DETAILS

The grantee should promptly notify its Customer Service Manager in writing of any change in:

- company name
- company registered office address
- nominated contact details—for example, name, telephone number, email address
- details of the bank account into which the grant is paid.

## 7 CUSTOMER SERVICE FEEDBACK

The Department conducts customer satisfaction surveys from time to time; we will use grantee feedback to improve our business operations and our service to customers. We will ensure that grantee feedback goes to all appropriate staff.

If your company has a complaint, the Single Business Service hotline is the first point of contact. The hotline will direct the complaint to the appropriate program officer, who will follow up to ensure the complaint is addressed. The Hotline may be contacted on **13 28 46** or by email at **[industryskillsfund@education.gov.au](mailto:industryskillsfund@education.gov.au)**

If not satisfied with the complaint resolution, contact the:

Group Manager  
Skills Programs  
GPO Box 9880  
CANBERRA ACT 2601

If, after this process, or at anytime, the grantee does not believe that the Department has adequately addressed its concerns, it may refer the matter to the:

Office of the Commonwealth Ombudsman  
GPO Box 442  
Canberra City ACT 2601  
Phone: 1300 362 072  
Website: [www.ombudsman.gov.au](http://www.ombudsman.gov.au)