



Department  
for Environment  
Food & Rural Affairs

# Illegal Wildlife Trade Challenge Fund

## Financial Information: Applying for funding and running your project

July 2016

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[www.gov.uk/defra](http://www.gov.uk/defra)

This document should be read alongside the Guidance for applicants to the Illegal Wildlife Trade Challenge Fund at <https://www.gov.uk/government/publications/the-illegal-wildlife-trade-challenge-fund>.

This document explains:

- How the payments will be made and how we expect you to manage your budget if you are successful. Please make sure that the process described here is compatible with how your organisation works before you apply.
- What budgetary information you need to provide in your application, at the Stage Two application stage

Applicants should ensure they read and follow this guidance carefully when filling in the budget sheet and application forms. If you do not comply with this guidance, your application may be ineligible.

Any further queries on financial issues should be directed to IWT Applications (below).

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# Preparing your budget at application stage: how to complete the IWT Budget Form

You only need to complete the IWT Budget Form if you have been invited to apply to Stage Two of the IWT Challenge Fund. However, you should read and understand these requirements before applying to Stage 1, to make sure that your organisation would be able to meet them should you be successful and be invited to Stage Two.

The IWT budget form is available at <https://www.gov.uk/government/publications/the-illegal-wildlife-trade-challenge-fund>. You must use the IWT budget form or your application will not be accepted.

You will need to complete all the relevant **white** sections of the IWT budget template. The template is in Excel, and has 5 tabs. The **grey** sections will be automatically completed with data provided, so please do not amend any of the formulae or links.

Key points to note:

- A fully-costed budget must be prepared in GBP and submitted on the IWT budget form.
- The budget must cover the full duration of the project, split between financial years.
- For applications from organisations outside the UK, the exchange rate used for budgeting and its source must be identified.
- You must also clearly state your project start and end dates – and ensure they fit with your proposed budget.
- You must be sure you can spend funds in the financial year you budget for them.

**Changes to the budget between financial years will only be considered in exceptional circumstances, following formal agreement with Defra.**

You may be asked for further information on your budgeted costs during the application process.

If you require additional lines in the form, please contact IWT Applications ([IWT-Fund@ltsi.co.uk](mailto:IWT-Fund@ltsi.co.uk)) identifying what changes you need. Please ensure you do this in advance of the closing date.

## Staff costs

This budget line should clearly capture all staff costs and payments for services relating to individuals working on the project (excluding the cost of external Consultancy inputs – see 1.2 below). Normally these will be payments made to team members for their time spent working on the project; however, local individuals making a short, very specific local input such as cooking for a field team or administering a workshop may more appropriately be applied to elsewhere: Travel and Subsistence (T&S) or Operating costs.

Staff costs can include salary and associated employment costs, including employer's national insurance, or other social security costs and contractual pension contributions and other reasonable contractual employment benefits. Staff costs should not include provision for non-contractual bonus any other non-contractual payment or benefit.

### If your application is successful:

Staff costs included in the budget should match the details you will be required to provide on staff costs in Section 5 of the Q4 and Final claim forms if your application is successful. These are available for review on the GOV.UK website at:

<https://www.gov.uk/government/collections/illegal-wildlife-trade-iwt-challenge-fund>.

In the budget form the detailed information on Staff Costs should be entered on the “Staff Costs” tab.

The information provided must include the individual’s name and role in the project; the period they will work on the project; the percentage of their time given to the project during that period and the actual cost to the IWT Challenge Fund of their time. You should be able to provide evidence of the employment costs (i.e. employment contract and payslips) and proof of actual time worked on the project (i.e. from timesheets) if requested.

Staff costs need not be restricted to those employed by the lead organisation – they should include all team members employed by the lead organisation or partner organisation, whose employment costs are covered in full or part by IWT funds.

Costs declared for staff costs at application stage should include expected salary increments along with a projection of likely annual inflation during the course of the project, up to a maximum of 3% per annum (for all salaries, UK or elsewhere). Defra may ask for salary charges to be reduced if levels are considered too high.

You can include PhD students on your project as staff, provided that you don’t include their tuition fees as part of the project funding.

## Other - consultancy costs

This budget line identifies any ‘bought-in expertise’. Defra’s definition of Consultancy is:

*“The provision to management of objective advice relating to strategy, structure, management or operation of an organisation in pursuit of its purposes and objectives. Such advice will be provided outside the ‘business-as-usual’ environment when in-house skills are not available and will be time limited. Consultancy may include the identification, or assistance with (but not delivery of) the implementation of solutions”.*

## Overheads

Under the IWT Challenge fund, Defra will fund actual direct project costs plus reasonable and justifiable overheads. To be considered reasonable and justifiable the overheads claimed must be less than or equal to the organisation’s (or partner organisation’s) actual overheads and appropriately apportioned between all activities or projects operated by the organisation. Defra will not supplement other activities of the organisation (or partner organisation) through the over absorption of overheads.

All budget lines, with the exception of overheads, should contain actual and direct project costs only, with no mark-up for the organisations (or partner organisations) overheads. For example, the staff costs budget line should include the employment cost (being salary,

employers NIC and pension cost) for direct project staff only, time apportioned for the time they actually work on the project. The staff costs budget line should not include any time or mark-up for the organisation's (or partner organisation's) management, administration or finance function or other overhead.

If your organisation (or partner organisation) uses full economic costing (FEC) as standard practice, Defra will accept this method to account for overheads, however the FEC % applied cannot be more than 40% of the salary costs in the IWT budget. Effectively, if justified by your standard internal FEC policy, up to a maximum of 140% of salary costs can be funded, 100% under the salary budget line and 40% under the overhead budget line. A copy of the formal internal FEC policy must be available if requested and the organisation must be able to demonstrate that this policy is used as standard practice by the organisation, not just applied for this project.

Any FEC element, overhead or other indirect costs must be recorded under the overhead budget line and must be reasonable. Defra will usually only accept overheads (including FEC element, overhead and/or other indirect costs) **up to a maximum of 20% of the total budget**. If requested, the organisation must be able to justify that the amount claimed under the overhead budget line is appropriate and reasonable, as supported by audited financial statements and/or internal policies.

Defra will decide whether the level of overheads charged to the IWT fund is reasonable.

## Audit costs

For any total award over £100,000, an independent audit of project expenditure is required at the end of the project. A total of up to £1,500 can be allocated from your budget for this, but any funds identified for audit will be ring-fenced and cannot be reallocated elsewhere.

### If your application is successful:

A statement from an independent auditor must be submitted within 3 months of the end of your project, to allow your final claim to be paid. An independent auditor engaged to certify expenditure of your grant must be a full member in good standing of a professional accounting body which is affiliated to the International Federation of Accountants. A current audit practising certificate is not required.

The wording of the auditor's statement should include the following wording and the figure quoted must match the actual total amount claimed, or provide a clear explanation:

*"Name of Organisation:*

*Project Title:*

*Project Ref No:*

*I have examined the accounts, records and claims relating to this grant for the period [start date] to [end date]. I confirm that the total grant monies of [£total claimed] were fully and solely expended for the purposes set out in the original application (or as subsequently agreed with the Department) and in accordance with the terms and conditions for the grant."*

## Travel & subsistence (T&S)

**T&S costs should be clearly justified and offer the best value available.** Defra may ask you to justify or reduce your T&S request if they believe it is excessive.

Your approach to T&S costs should, as far as practical, follow your own organisation's policy on the payment of T&S. Defra reserves the right to request a copy of this policy.

Your budget should identify international travel separate from local travel. Local travel may be within the country or region the project is operating in and may include necessary travel within that area. Field travel relates to costs relevant to specific, identified field trips where additional resources are required such as the hire of transport specific to the trip.

## Operating costs

You should identify any operating costs specific to the IWT Challenge Fund project. For example, if you need to set up a local office for this project alone, you would show your costs here. If you have a local office that supports more than this project, we would expect to see any related costs under Overheads.

This is also where you can budget for other project specific costs such as workshops or the hire of tents for fieldwork.

## Capital costs

Capital costs are long life/high value items which may include vehicles, large pieces of equipment, and other assets, **but not the purchase of land or the erection of permanent buildings.** Capital costs should include only expenditure on items with an expected life span of longer than the period of funding (e.g. vehicles, high value equipment, ITC equipment, machinery etc.) and should never include revenue items (e.g. consumables such as printer suppliers, protective clothing, low value pieces of equipment such as flash drives etc.). Any capital items bought from IWT funds should be used for the benefit of IWT projects.

Purchases of capital equipment should be in line with the original agreed budget and any subsequent approved amendments.

**Capital costs paid from IWT funds should be no more than 10% of the total grant, except in specific cases where higher capital expenditure is essential for the project.**

If your request from IWT funds is higher than 10% of the total grant, you must provide a justification which will be considered on a case by case basis. This can be done at Question 20 on the IWT Challenge Fund Stage Two Application Form. Defra may ask you to reduce these costs.

**It is expected that capital equipment will remain with the host country partners after the project has ceased.** If you plan to purchase capital items with IWT funding, you are required to explain what will happen to these items following project end in Question 20 on the Stage Two IWT application form.

Any items that have a longer life than the project, and which are directly relevant to the sustainability of the project, are expected to remain available to the local partners, communities and/or stakeholders, to ensure that ongoing work is possible. For example, this might be equipment which had been used throughout the project, for recording or monitoring purposes. It is particularly important to consider items that had been part of training initiatives or capacity building and which can be used to allow local people to continue the work they had been trained in.

If you procure any items over £1,000 with IWT funds you must obtain 3 quotes and be able to produce evidence of this on request. You should be able to justify your choice on the basis of cost, availability (if an item is required urgently) or suitability.

You will be asked to confirm the location of all capital items in your annual and final claim forms and your final report will identify what will happen to the items following project end.

If any capital item is sold, a share of the proceeds in the same ratio as the grant contribution to the total set cost should be refunded to Defra or offset against any further approved expenditure.

## Depreciation

Depreciation, calculated using acceptable accounting standards, for the use of assets not specifically purchased for exclusive use on the project, may be included within claimed overheads. Depreciation should not be claimed in respect of assets which were purchased specifically and exclusively for use on the project with IWT funds: instead, their purchase cost should be claimed as a capital cost in the year in which the asset is bought.

Any allowable depreciation, i.e. as agreed by in the original budget and any subsequent approved amendments, in relation to capital items owned by the organisation which were not purchased specifically and exclusively for the project, and not covered by overheads, should be claimed under the capital costs budget line.

## Monitoring and Evaluation (M&E)

It is important to ensure that M&E costs are considered as part of your budget. In the budget spreadsheet you should include the costs according to the appropriate budget line (eg staff costs, T&S etc). In the Stage 2 application form you should demonstrate you have considered this cost and allocated adequate funds for M&E of your project. As a guide, we would normally expect to see M&E costs of up to 5% of your total budget cost.

## Other costs

Any other project costs that do not fall under the headings above are likely to fall under 'Other costs'. These may include translations, publications relevant to the project objective, Open Access costs and bank charges related to transferring funds to partners.

## **Balance of funding between partners**

Applicants should ensure that there is an appropriate balance of funding between project staff from developed and developing countries. We expect to see a significant amount of IWT funding to be directly benefiting project partners from developing countries, rather than salaries and travel for project team members from developed countries.

Applicants are strongly advised to seek clear agreements with all partners (included in a Memorandum of Understanding (MoU) as appropriate) on levels of funding required by respective partners and how funding will be routed.

## **Co-financing/matched funding**

Co-financing or matched funding is not obligatory but is highly desirable. Where there is co-financing/matched funding, there are no requirements for it to be at a particular level.

For projects with co-financing it is important to ensure the elements of the project funded by the IWT Challenge Fund are specific, and clearly identified and accounted for. It should be clear which activities will be funded by the IWT Challenge Fund and which activities will be co-financed. It is expected that the lead organisation will manage the whole budget for the outlined project, and not just the funds from IWT, to ensure the financial security of the project. It should be possible to fully account for the expenditure against impact.

**Where co-financing is not identified, applicants must clearly explain why it is not available or necessary for their project in Question 19.c on the Stage Two IWT Challenge Fund Application Form.**

## **Contingency**

Your budget should **not** include a 'Contingency' line. You should ensure your budget is adequate and appropriate for the project, but you cannot request contingency funds. **Any budget containing clear Contingency funds will be ineligible.**

## **Bank charges**

You can include bank charges in your IWT budget where they are specifically relevant to your project, such as the transfer of funds to partners. However, you should not include bank charges that are not specific to your project such as fees or charges relating to your bank account in general.

## **Assessment of costs**

Costs are rigorously examined during the assessment process and decisions are based on realistic and justifiable budgets to deliver the work plan as well as the value for money justification in the application. Final awards may be subject to negotiation with Defra and you may be asked to revise your budget.

## Budget spread

You should consider the spread of IWT funds throughout your project. It is preferable that IWT funds are spread relatively evenly over the project lifetime. This does not mean that applications with a clearly justified high budget in a particular year will not be funded.

The Stage One application does not require detailed information, only *indicative* budget totals per financial year. It is recommended that Stage One costs are based on realistic figures, but these can be presented as rounded figures at this stage.

The requested budget may vary between Stage One and Stage Two, although you should provide information about any substantial change within the text. This will be based on actual expected costs and it is unlikely that these figures will be rounded. If rounded figures are provided at Stage Two, a brief explanation should be presented.

## Financial eligibility of the applicant organisation

As part of your application for the IWT Challenge Fund, you will be asked to provide evidence of your organisation's current financial situation through your audited or independently examined accounts for the last two years. The review of your financial eligibility will be based on the following questions:

- have you submitted the requested financial statements, and have they been examined and signed as required?
- if the accounts are not in GBP, have you identified what currency is being presented?
- are there any comments from the auditor/independent examiner that raise concern?
- is there sufficient evidence to show that you have managed grant funds in the past?
- does your profit/loss level suggest that the organisation is sustainable?
- do you provide evidence of sufficient reserves?
- is your level of income in the last two years sufficient to demonstrate you could manage the level of funding you are applying for?

If there are reservations on any of these areas, you will not automatically be rejected, but additional checks may be required. There may also be additional requirements on how we would handle your payments if you are successful. For example, you may be asked to apply for advance funds based on actual expenditure expected for the coming quarter rather than the straight 25% split normally used – see Section 3 below for further information on payment procedures.

Defra expects that the maximum annual value of funds requested should not exceed 25% of the lead organisation's average annual turnover/income for the previous 3 years. For example, if your project request is for £250,000 (£75,000 in year 1, £125,000 in year 2 and £50,000 in year 3), you would be assessed based on the largest annual value of £125,000 and would therefore need to demonstrate a turnover of at least £500,000 per annum.

**Applicants that are unable to demonstrate this will only be considered in exceptional circumstances.** Should an applicant not meet this requirement, applicants

should provide a statement and, if appropriate, supporting evidence (e.g. a letter of support from a parent organisation, recent funding awards if current turnover/income is significantly more than prior years) to justify financial capacity by some other means.

Government departments and agencies will not be required to provide accounts, but will still be expected to demonstrate technical capacity on similar sized projects.

## Submitting your organisation's accounts

For your accounts to be acceptable, they must be submitted in English (professionally-translated versions will be accepted) and include the following:

- full formally audited/independently examined and signed accounts for the last 2 financial years with comparative figures provided for both financial years (effectively providing the last 3 years financial information);
- the most recent set of accounts should be no older than 1 year, unless adequate explanation can be provided. If this is the case a copy of unaudited management accounts can be provided as well as the prior 2 years (+ comparatives) audited/independently examined financial statements.
- please be clear in which currency figures are presented;
- the accounts should demonstrate you have the turnover appropriate to the annual award requested from the IWT Challenge Fund (see above). Applicants that are unable to demonstrate this will only be considered in exceptional circumstances.

Please submit your accounts by email. Please ensure that they are scanned and sent as pdfs no larger than 10MB. You should also consider using zipped files if the material is large. The IWT mailbox can accept large documents, but we do anticipate a large number of applications arriving at the same time.

Please do not send hard copies.

# Payment procedures

This section explains how the payments will be made, should your application be successful. **Please make sure that the process described here is compatible with how your organisation works before you apply to the IWT Challenge Fund.**

## Payment schedules

You will need to make quarterly claims for payments.

For each new financial year, you will receive confirmation of the award offered for that year. You must accept this award for payments to continue.

Please note that the Quarter 1 advance claim will only be paid once your signed Award or Annual Grant Acceptance Form has been received. The first payment for new awards may take longer than subsequent payments as it cannot be activated until the Award Acceptance paperwork is received in full.

Awards are payable in quarterly instalments, with the first three quarters being paid against claims for 25% advance funding, based on the award figure for that financial year. Quarterly advance claims should be submitted as follows:

Claim	Amount	Covering the period	Submission date
Quarter 1 – advance	25% of annual grant award	1 April to 30 June	Between 15 March and 30 April
Quarter 2 – advance	25% of annual grant award	1 July to 30 September	Between 15 June and 31 July
Quarter 3 – advance	25% of annual grant award	1 October to 31 December	Between 15 September and 31 October

Expenditure for each project year must be accounted for on an actuals basis and the fourth claim in each year will be based on the actual expenditure for the year less the three advance claims. This is referred to as the Quarter 4 (Q4) actual claim. You must submit a Q4 claim, even if you have no more funds to claim due to agreed budget changes. Failure to submit the Quarter 4 actual claim by the following deadline may delay payment of the subsequent year's advance claims.

Claim	Amount	Covering the period	Deadline
Quarter 4 – actual	Expenditure for the year, less the advanced funds	1 April to 31 March	31 May

You must provide an estimate of the projected amount of the Q4 claim by 15 January in each year.

Ongoing projects are strongly encouraged to submit their Q4 actual claim by this date. Claims submitted more than 3 months after the financial year end (i.e. after 30 June) may

not be paid and may result in the suspension or termination of funding. Poor financial management is not acceptable and may affect decisions for future applications.

If your project does not start on 1 April, you will be advised when you can make your first claim and how much you can claim. It will be proportionate to the award for the year.

You should note that the Q4 claim is paid in arrears and so you should ensure that your budget is planned with this in mind.

## Making claims

Claim forms are available at: <https://www.gov.uk/government/collections/illegal-wildlife-trade-iwt-challenge-fund>. As these forms are updated periodically, it is the claimant's responsibility to ensure the most current form is used.

Claims which are not on the correct and current template will be returned. Other errors or omissions may also result in the claim being returned.

The submission date indicates the earliest a claim can start being processed, to allow for payments to be made for the start of the quarter. Please note that advance claims received before these dates will be held until the submission dates before they are processed.

All claims are checked before being submitted to Defra for approval. Following Defra's approval, the intention is to pay within 10 working days of receipt and validation of a claim by the Department's accounting department. This is in line with the Government's Prompt Payment Initiative. You will receive confirmation when the claim has been sent for payment.

All claims should be submitted in hard copy format, with a wet signature (unless otherwise agreed), to IWT Projects, c/o LTS International, Pentlands Science Park, Bush Loan, Penicuik EH26 0PL. Electronic signatures will only be accepted on claims from non UK-grantees, but a hard copy is still required for auditing purposes.

## Claims from and payments to non-UK organisations

All projects should follow the processes outlined above. However, for grants held by organisations based outside the UK, it is possible to accept claims and paperwork by email provided that the original signed documentation is also submitted in due course. If material is not received within a reasonable period, the project is likely to see this arrangement rescinded.

Organisations with non-UK bank accounts should be aware that the first payment in particular may take some time to arrive.

New grant recipients should complete 'Part C. Payment Details' on the Grant Acceptance Form (GAF) as completely as possible. Failure to do so may result in a delay in receipt of payment. Please pay particular attention to routing details i.e. if funding needs to be paid

via an intermediary bank. If your bank has produced guidance for transferring funds from overseas, please provide a copy with your completed GAF form.

When completing a claim form, Section 5 requires confirmation of bank details. Please make sure this is fully completed and includes clear routing instructions. If payment is to be made via an intermediary bank, please include both intermediary and beneficiary details. If your bank has produced guidance for transferring funds from overseas, please provide a copy with your completed claims form.

## Final year of project

In the final year of a project, the 25% advance process continues, but an advance may not be claimed for the quarter in which the project is due to end. **You should consider any implications this may have for receiving the final funds.** Your final payments will depend on submission of your final report (and audit statement where appropriate) and a period of time to review your report. This means your final balance may not be paid for several months after your project ends.

As soon as your project ends, you should prepare a final claim, detailing the actual expenditure in the final year. Once the relevant receipts have been received and accounted for you should submit your claim. Ideally this will accompany the final report which is due within 3 months of the project end date.

## Retention

Some funds will be withheld from the final claim: either 25% of the total award for the final year or £20,000, whichever is the higher amount. This retention will be paid once the final report has been accepted and any audit requirement has been met (see below). Where the final year's award is less than £20,000, Defra reserves the right to withhold funds from the penultimate claim(s).

## Conditions for payment

The payment cycle is linked to the technical reporting schedule and financial requirements. Failure to supply the technical reports or financial documents required at the right time will have an impact on your payments. The conditions for payment can be summarised as follows:

Claim	Reporting requirement	Financial requirement	Other requirement
<b>Quarter 1 – advance</b>	n/a	n/a	Year 1 – signed Grant Acceptance Form received From Year 2, signed Annual Grant Acceptance Form received
<b>Quarter 2 – advance</b>	From Year 2, prior year annual report received.	From Year 2, prior year Quarter 4 actual claim received and verified.	n/a
<b>Quarter 3 – advance</b>	From Year 2, prior year annual report accepted by M&E reviewer	n/a	n/a
<b>Quarter 4 – actual</b>	Annual report received	Quarter 4 actual claim received and verified.	n/a
<b>Final claim, less retention</b>	Final report	Final claim form	n/a
<b>Retention</b>	Final report accepted.	audit statement <b>where required</b>	n/a

# Managing your budget

This section explains how we expect you to manage your budget, should your application be successful.

## Spend relating to financial year

Defra allocates annual budgets based on the expected project expenditure set out in applications. **Underspends cannot be carried forward and overspends are not allowed.** This means that projects must provide accurate and realistic budgets at the outset of the project.

You should claim funding as set out in your original budget and cannot apply any informal/internal transfers between different financial years within your own project budget. You can operate with some flexibility between budget lines within a financial year – of up to 10% to any one budget line - but cannot change the total annual budget. If you overspend on one line, you must ensure you cover that from another line or meet those costs from matched funding or from your own organisation's funds.

**Within any financial year, re-allocation of budget from one budget line to another budget line, of more than 10% of the budget line the transfer comes from, must be approved by Defra. Approval is not guaranteed.**

**In exceptional circumstances**, for example where conflict or natural disasters have an impact on your ability to deliver, **Defra may be able to offer some flexibility** over budget changes between financial years. However, any such changes **must be justified** and due to unforeseen circumstances beyond the control of the project, rather than poor planning or budgeting. You will want to take this into account when planning activities, considering carefully the level of risk of delay with any activities planned for the fourth quarter of the financial year.

**You must contact LTS International as soon as you become aware of an issue which may result in an underspend or overspend in your annual budget.**

## Foreign exchange

Projects will incur some costs in currency other than GBP. You should apply your own organisation's approach to exchange rates and frequency, although it is expected that this would be recorded and applied at least monthly. It is recommended that you consider using the Financial Times rates or another reputable source. You will be expected to provide the exchange rate relevant to any queried transactions such as during a Spot Audit (see below).

## **Project change requests**

All grants are payable on the basis of the details and work programme set out in the project application, so any changes for example, spending in different financial years (as set out in Section 5.1 above), significant technical change, changes to the project principals for which CVs were submitted) will need to receive approval before being applied.

Project change requests must be submitted on the Change Request form available here: <https://www.gov.uk/government/collections/illegal-wildlife-trade-iwt-challenge-fund>

## **Forecasting exercise**

The Department requires projects to undertake forecasting exercises during each project year and will be in touch with details of what is required.

## **Spot Checks on expenditure**

Every year, a proportion of projects will be identified for a spot check to ensure the grant has been spent in accordance with the agreement with Defra. You should be able to provide electronic information about all the transactions accounted for in your Q4 actual claim and to produce copies of original receipts and invoices backing up your claims if requested. You should also ensure that they are retained for at least seven years after the end of the project.

# Annex 1 – Items ineligible for funding

Under Government policy, there are a variety of items that are not normally acceptable for government funding.

These are summarised below and split into two lists. The first list covers items that **are not and cannot** be eligible. The second covers items not generally acceptable, but which could be considered acceptable in particular circumstances, as summarised below.

## Not eligible

- gifts (except for gifts not exceeding £10 in value, typically educational or promotional materials which disseminate awareness of the project and further its aims)
- arms and ammunition
- any items whose trade is prohibited under, or is otherwise not in compliance with, the Convention on International Trade in Endangered Species
- any other items which are sourced or used otherwise than legally and in accordance with all applicable national and international laws and treaties
- bribes, facilitation payments and any other inducements to obtain favourable treatment from officials
- fines and damages
- costs which had already been incurred before the project's budget was approved by Defra
- interest on capital and any other costs of obtaining finance
- bad and doubtful debt write-offs
- fruitless payments (costs whose expenditure obtained no benefit for the project)
- impairments to fixed assets
- any costs which do not demonstrably further the aims of the project, or the expenditure of which is not reasonably attributable to activities performed in the furtherance of those aims
- any costs which are not necessarily incurred in the course of the performance of the activities of the project as submitted in the project proposal and approved by Defra or agreed subsequently through the formal Change request process
- any costs which are morally the private responsibility of the individuals who benefited from their expenditure (for example, travel costs to/from home and other expenses claimed by individuals which did not arise from their employment; other examples might include clothing other than uniforms/PPE, consumer electronics which confer substantial private benefit, travel and hotel accommodation for partners/family)
- any other expenses reimbursed to individuals which would be taxable in the UK as benefits in kind
- any costs which a reasonable person would consider excessive, extravagant or wasteful

## **Not normally acceptable**

- Hospitality is potentially relevant to a lot of projects, particularly where they involve workshops. We recognise that for many projects workshops can be a large part of project activities and often run for several days. We do not expect people to attend workshops, often travelling long distances, without being provided hospitality. It may also be seen to be relevant to the local accommodation of travelling project team members or others required to travel to undertake fieldwork. However, excessive hospitality which doesn't clearly advance the outcomes of the project, is not permitted.
- tips and gratuities (these are not normally accepted and you are strongly encouraged to meet these costs from other funds, but small tips and gratuities under £5 may be accepted)
- extra-contractual payments and bonuses. Some project may have factored in pay increases or bonuses as part of their staff retention plans – these will be accepted as part of the agreed application. Any other time where the Project Leader wants to make a bonus payment for outstanding performance should be referred through a Change Request if they want to use IWT funds for this)
- alcohol (beer, in moderation, is acceptable only if clean or bottled water or soft drinks are not available, but stronger wines and spirits are excluded from IWT funding)
- bank charges. While not normally acceptable, for the purposes of this fund bank charges related to international transactions relevant to project work are acceptable
- insurance, except by prior Defra approval of a business case and where such costs are unavoidable and arise in the course of the project's business. For the purposes of this fund, this would include insurance for vehicles bought by the project, and contributions towards the insurance of office premises specifically set up for the project. It would also be acceptable to include travel and medical insurance for any project staff required to travel outside their own country of residence.